



Together We Build Sustainable Relations

2018 Integrated
Annual Report



TITAN
CEMENTARA KOSJERIĆ

CONTENTS



6

ABOUT US — TODAY

Our Products
Corporate Values



8

HOW WE CREATE VALUE

Materiality Assessment — Together on the Road to Sustainable Development
Sustainable Objectives Pertaining to the Growth of Company and Society



16

THROUGH COLLABORATION AND DIALOG TRUST IS BUILT

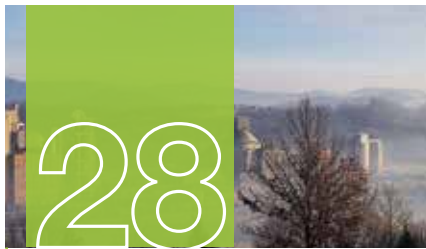
Our Employees
Through Learning We Create Positive Change
Self-responsibility and Responsibility Toward Others
Our Business Partners



25

TITAN IN KOSJERIĆ

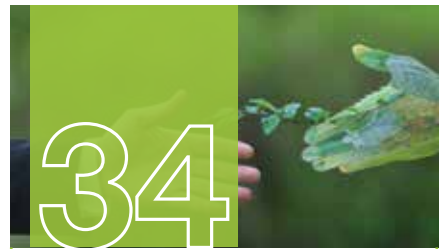
Through Partnerships We Increase Society's Resources



28

CARE FOR THE ENVIRONMENT

Energy and Climate Change
Air Emissions
Quality of Ambient Air in Kosjerić
Conserving Resources
Waste Management



34

SUSTAINABILITY OF BUSINESS — USE OF ALTERNATIVE FUELS IN CEMENT PRODUCTION

From Waste to Fuel



42

FINANCIAL STATEMENTS



45

GLOBAL NETWORK OF COOPERATION AND SUPPORT



47

REPORT VERIFICATION

A MESSAGE FROM THE GENERAL MANAGER



Dear Readers,

We are pleased to have the opportunity to regularly share our performance results with you and the lasting open dialogue that we share with our local community in our Annual Integrated Report. This Report, which we are now publishing for the ninth consecutive year, has been compiled in line with Cement Industry Standards and the corresponding protocols set forth by the World Business Council for Sustainable Development (WBCSD) – Cement Sustainability Initiative (CSI). At the same time, TITAN Cementara Kosjerić's CSR Policy is reflected in the fact that we have once again harmonized our objectives with the Sustainable Development Goals (SDGs) of the UN Global Compact.

When reviewing the previous period, it is evident that this was a time of challenges. At the start of the year, we experienced an extensive kiln shutdown period in order to conduct an overhaul, which somewhat reduced the available operating time, thus slightly delaying our production plans. Regardless, we were able to successfully respond to the needs of our market, that is to produce and deliver over 610,000 tons of cement to our valued customers.

The challenges we face in our environment are successfully turned into opportunities to improve our practices and to apply new technical advancements. We are especially pleased to be able to say that the efficiency of our operations ensure our

ability to continuously improve on our employees' positions, offering better working conditions and salaries. We are equally pleased to be in a position to aid good initiatives within our local community and to continuously invest in projects aimed at environmental protection. Simultaneously, we are improving the efficiency of our internal processes, and over the past year have introduced a new digital platform used to offer significant support in the area of Human Resources.

The inviolability of human capital in terms of our strategies continuously demonstrate the intensity of our dedication to perfecting Health and Safety culture, including its impact not only on the working environment of our Company employees, but also on the widespread area of our business and collaborative relationships.

In all aspects, the results of TCK's environmental impact are far better than those prescribed by the legal threshold limits. Over the past year, we have renewed our IPPC permit, which is nothing less than additional confirmation of the efficient environmental protection system TCK has in place. Emissions measures are available through the Company website and via our annual Reports, and we would especially like to highlight here that our dust emissions are 25 times less than the limits prescribed by law for this category of plant.

We believe open dialog with our community is an important aspect of corporate responsibility which is why in the recent period, we have offered all stakeholders additional information on topics of greater interest within the local community, validating feedback from said community. These topics include the impact of the plant's operations on the quality of ambient air in Kosjerić, as well as plans to use alternative fuels at TCK. We have taken it upon ourselves to provide the local community with information on these topics and insight into our results and long-term plans, so that together, through mutual respect and transparency, we continue to build a solid foundation of trust on which sustainable development is made possible.

By nurturing open communication on all issues important to our organization and society, we plan to remain true to the idea of creating a joint partnership of well-being, one committed to universal ethical business and humanitarian principles, where the integrity of the people, society and the environment are of core value in terms of the sustainable livelihood of all generations.

Miroslav Gligorijević
General Manager

A handwritten signature in black ink, appearing to read 'Miroslav Gligorijević'.

About the Integrated Annual Report for 2018

As one of the leading companies operating in Serbia to commence with the practice of presenting its CRS engagement to the public, TITAN Cementara Kosjerić has published herein its newest Integrated Annual Report for 2018, the ninth consecutive report of its kind since the first Report issued in 2011. The practice of the Company goes hand in hand with the increasing demands of investors, communities and the public for reporting with clarity and reliability, together with integration of financial and non-financial information. Gradually creating in this way international regulations in this area, in 2014 the European Commission adopted Directive 2014/95/EU* regarding the disclosure of nonfinancial and diversity information by certain large undertakings and groups. This Directive requires large companies to publish non-financial business indicators, in particular with regard to the environment, the impact on society and labor relations and the fight against corruption. The present Integrated Annual Report 2018 follows the principles and structure which are the baseline of global reporting for private entities.

With the many years of experience the Company has been engaging in social activities, as well as its continuous improvements in adapting to efficient reporting, the current version of the document includes financial results and achievements within the area of social and environmental protection, covering the material interests of our stakeholders. Materiality assessment the Company implements via dialog with the representatives of our stakeholders, is in alignment with the TITAN Group Strategy and its priorities. The content and structure of the presented business results as well as the societal impact have been adapted to all stakeholders and comply with the International Integrated Reporting Council – IIRC. In introducing the Index System for KPIs at the local level within this year's Report, TCK actively implements TITAN Group reporting standards in line with a sector-based approach to the Cement Sustainability Initiative (CSI), which in turn complies with specific indicators within the framework of UN Global Compact Sustainable Development Goals.

Material topics within the Report refer to the plant in Kosjerić (cement plant and mines), and the consolidated Financial Statements of the Company, which are not a part of this document and include the TCK's daughter company: TCK Montenegro in the country of Montenegro.

As has been the case to date, the Report has been compiled by the TCK's CSR Team, with the support of experts of TITAN Group. The Company is dedicated to the constant improvement of the level of transparency and reporting and establishing communication with all stakeholders. The most recent Report monitors Company's progress according to the criteria set forth by the UN Global Compact. The document also involves a sector approach and related criteria for reporting on results within the areas of social performance including health and safety indicators and environmental performance, in accordance with WBCSD/CSI Guidelines.

The Report has been verified by the independent auditors of Grant Thornton Serbia within limited certification of non-financial results in 2018. Their statement of the Review is incorporated in this Report.



**For more information,
questions and comments:**
csr@titan.rs
Magdalena Joksimović
HR Department Head



**More
information
about Company**
www.titan.rs



**More information on
the Integrated Report:**
www.integratedreporting.org



**More information
on TITAN Group:**
www.titan.gr

* Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of nonfinancial and diversity information by certain large undertakings and groups.

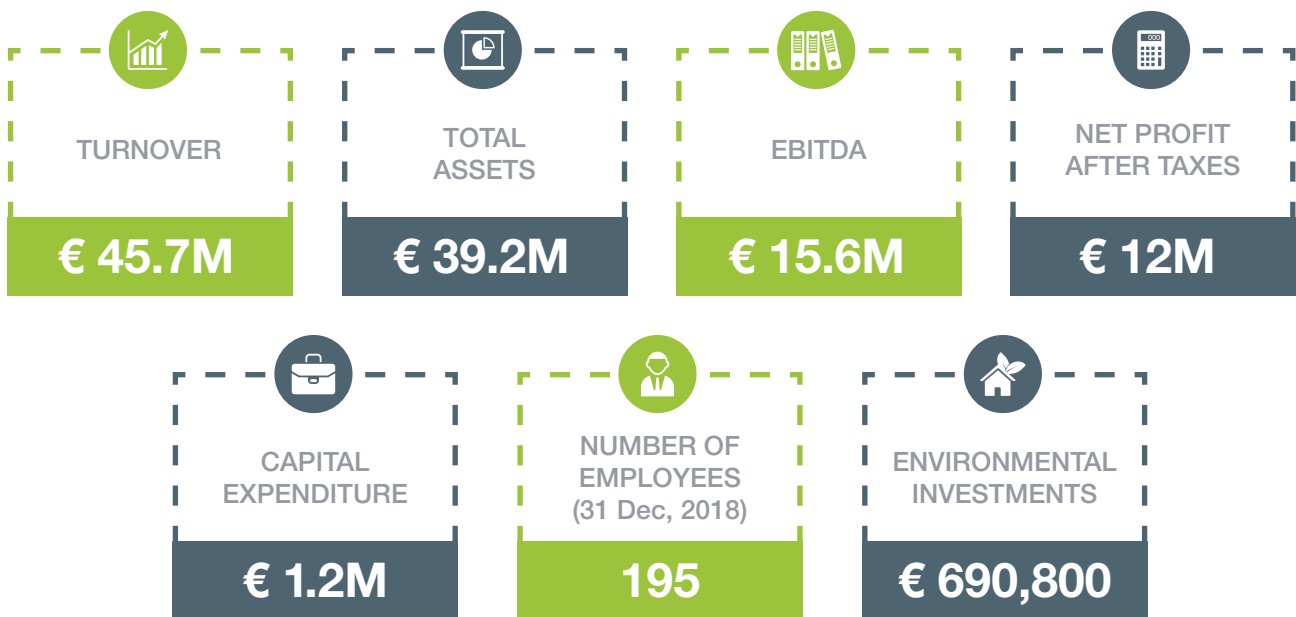


ABOUT US – TODAY

TITAN Cementara Kosjerić has been operating within the TITAN Group, a renowned Greek multinational which has been producing cement and other building materials for over 117 years. The Group employs approx. 5,500 employees and sells its products within North and South America, West and North Africa, Western Europe and the Balkans. Titan’s commitment to sustainable development is reflected in the implementation of various policies, initiatives and projects with far-reaching projections in terms of social progress.

TITAN Group was the first Greek company to sign the UN Global Compact, which aims to protect human rights, labor rights, to conserve the environment, as well as to fight against bribery and corruption.

TCK’s Key Performance Indicators for 2018



TITAN Cementara Kosjerić is the youngest cement plant operating in Serbia since 1976. For over four decades, we have successfully steered our operations toward achieving long-term results, founded on continued investment in know-how and continuous improvement, allowing us to respond to the dynamic challenges specific to our market and environment.

Our continued development is closely tied to our relationships with our suppliers, customers and community, where we contribute, as partners, to improving the quality of life of all our stakeholders.



Our Products

CEM II/B-M(V-L) 32,5R	CEM II/B-M(V-L) 42,5R	CEM II/A-M(S-L) 42,5R
<p>In addition to consistent quality (water-to-cement ratio, setting time), this product is characterized by high initial strengths as well as moderate heat of hydration. Product is suitable for individual projects, masonry work and finishing building works.</p>	<p>This cement has a wide range of applications, from transportable and pumped concrete, to all kinds of reinforced concrete structures. It is also suitable for the production of finishing building materials. Meets the requirements for consistent quality and high early and standard strengths. This cement has the possibility of achieving high strength concrete.</p>	<p>This cement has stable quality, high early and late strengths. This cement is suitable for making all types of concrete. Recommended for the building of massive concrete structures, bridges, tunnels, roads and other facilities. Suitable for making concrete with high compressive strength classes as well as for concrete which is used in aggressive environments because it demonstrates high resistance to frost and salt.</p>

TITAN Cementara Kosjerić's products have a proven quality in a diverse range of economic and social endeavors, finding application in complex infrastructure projects, office buildings, private buildings and initiatives of a social nature. We guarantee the end-users of Titan's products that we will continue to meet their needs with improved, better-quality and the sustainable performance of our production program.

Corporate Values





HOW WE CREATE VALUE

In all aspects, the results of TCK's environmental impact are far better than those prescribed by legal limits. Our activities will continue to be directed toward reducing environmental impact on the property considered to belong to all generations.

Our vision, to be among the most responsible producers of building materials in terms of economic, environmental and social sustainability, essentially indicates that the purpose of our resource management, the Company's strengths and relationships with our business partners, are reflected in the creation of added value for the widest range of stakeholders.

In cement production, we use raw materials found in nature, and in conducting all operations we assure quality control of all production processes and improve operative efficiency. Through the use of alternative raw materials, various significant environmental advantages are gained, from the conservation of natural resources to reduced CO₂ emissions, and reduced stockpiling of waste produced in today's modern world.

The matrix of Titan's policies expresses our ambitions to ensure quality and durable products, maintain high standards in management, promote ethical business practices and invest in the future growth of our operations.

TCK's Value Chain



1. EXTRACTING RAW MATERIALS:
Reducing impact, implementing plans rehabilitation.



2. MANUFACTURING:
Mixing, grinding, burning and cooling raw materials. This is how our plant manufactures cement.



The experience and know-how we have guarantee that we can adequately respond to the modern requirements of the market in which we operate and the expectations of the community.

At TCK we are dedicated to taking care of our employees, protecting human rights, to promoting decent work, promoting H&S within the Company and within the scope of our activities.

Social inclusion is an idea that we implement by nurturing collaboration among key actors and the implementation of programs focused on the most pressing local issues. Our presence in the community is proven through the initiatives we provide to improve educational and cultural content, the safety education of school children, healthcare and social projects, as well as environmental campaigns, whereby our operations come full circle in terms of promoting awareness and conditions in various areas of life.

All TCK jobs come with a safe working environment, the possibility of learning and development together with salaries significantly above average in the region.



€ 690,800
toward the environment

Almost
€ 150,000
toward development projects within the local community

We produced over
610,000 tons
of cement for our customers



3. DISTRIBUTION:

Through constant communication with our shippers, we ensure safe delivery.

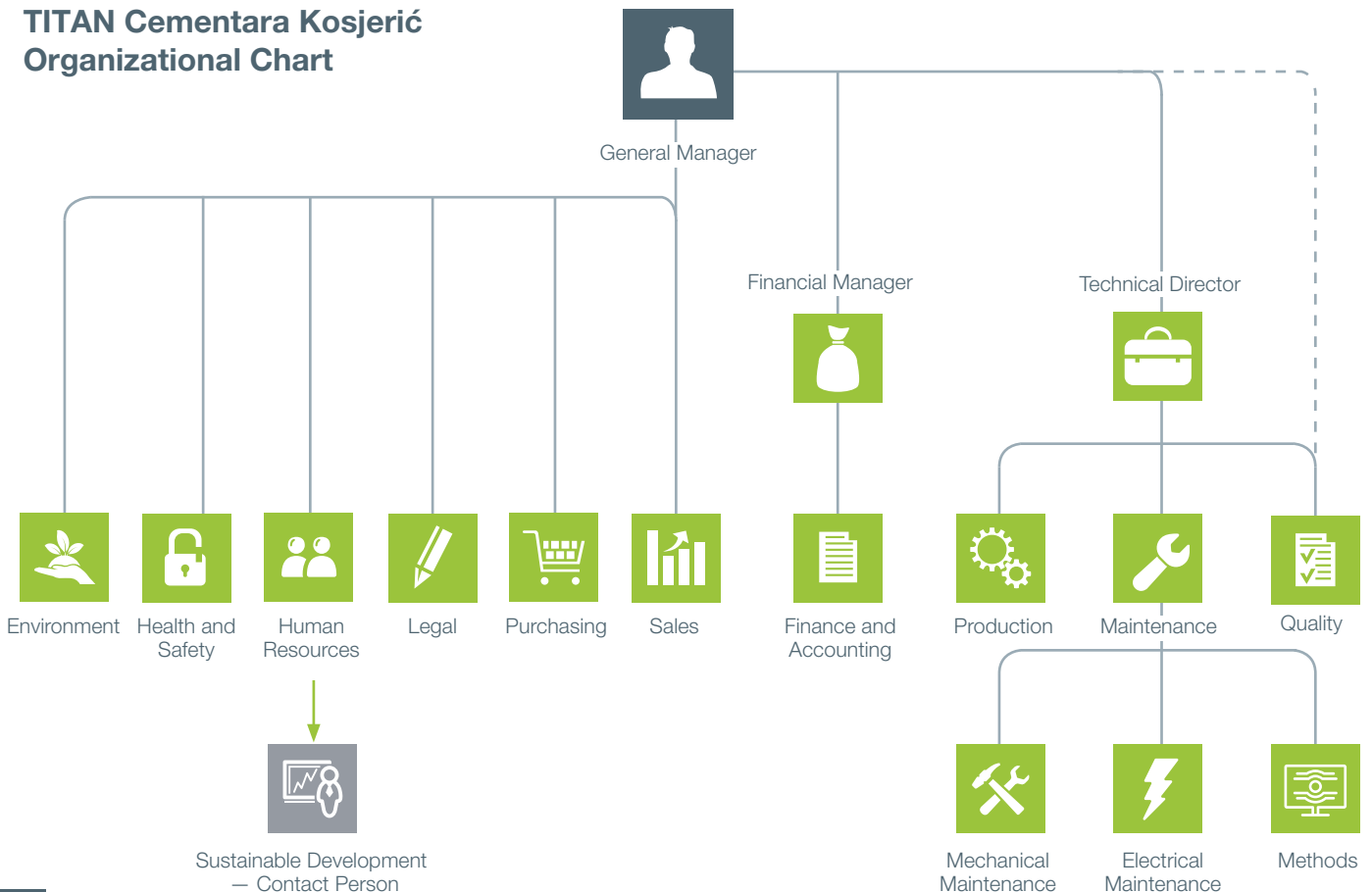


4. CLIENTS AND BUSINESS PARTNERS:

Through close collaboration with our local partners, we ensure to create value within the community.

Identified Risks	Solutions – Possibilities
Public Finance – Impact on the Cement Market	TITAN Cementara Kosjerić manages all operations responsibly, focusing on its most important investments and employee relations, avoiding exposure to financial risks as it takes into account that the impact on the economic environment is limited. The Credit Control Committee supports this approach through regularly held meetings.
Recruitment and Career Development of Our Best Candidates – Company Location	In accordance with TCK policy, we adhere to the principles of equal opportunities for our employees, career development, compensation above average and in line with market demands and relevant regulations. The Company successfully develops training programs for young, unemployed students and graduates within the community.
Restructuring Program	TCK's Restructuring Program is implemented in line with market conditions, in a responsible manner, adhering to social conditions and needs as well as business priorities. Paid severances by Company are higher than legal requirements.
Health and Safety	By establishing H&S as a business priority, TCK strives toward the systematic improvement of employees' working conditions, nurturing a culture where above all else safety comes first, with training and clear and effective OHSAS 18001 procedures in place, and by employing a sufficient number of staff directly responsible for this aspect of our business.
Climate Change	By reducing greenhouse gas emissions, TITAN continuously invests in the latest available technology, seeking to increase the use of alternative raw materials, to introduce alternative fuels and to improve energy efficiency, in line with WBCSD/CSI Guidelines.
Mainstreaming CSR through the Supply Chain	Relations with suppliers and contractors are systemized through Purchasing Procedures (ISO 9001), and the Code of Conduct for Procurement, which also relates to human rights issues and corruption. TCK continually develops mechanisms to ensure compliance with the highest standards at all levels of the value chain.

**TITAN Cementara Kosjerić
Organizational Chart**



Creating value for the Company and TCK's key stakeholders starts with the highest certification, local and international standards. These are based on adopted ISO standards in various areas of management — 9001: Quality, 14001: Environmental Protection and 18001: Health and Safety, which are inextricably linked to relevant political and ethical business, social responsibility, human rights, the prevention of bribery and corruption and non-competition restrictions. The implementation of these criteria, the development of their strategy in the further improvement of procedures and Company activities.

The most important business decisions, in harmonization with TITAN Group guidelines, are rendered by the Board of Directors, with the Company's General Manager at its helm. Issues concerning sustainable development are handled by the CSR Committee, comprised of: the General Manger and the Technical Director, the Environmental Manager, the H&S Manager and the Head of Human Resources. This management body establishes short and long-term objectives concerning sustainability, and establishes means of communication with stakeholders, including them in the formulation of priorities within this domain. Operating activities in all areas of sustainable development are led by the CSR Committee, while constant communication with TITAN Group's corporate headquarters is maintained by Human Resources (CSR representative), which also coordinates the establishment of CSR initiatives within the Company.

At all levels of organization at TCK, a communication system has been developed in regard to relevant topics, which implies dialog with stakeholders. Feedback on comprehensive aspects of the business is assessed by top management, who renders adequate decisions and allows for their follow-through.

Members of the Board of Directors are also involved in the organizational units pertaining to narrower fields — Quality, H&S, Environment, Employee Development. Through these competencies, these Boards and Committees contribute to the continual flow of quality communication within the collective. Within the organization, management ensures that conflicts of interest are prevented, and that there is a fair approach to the awards system guided by clear procedures and the authorization limits of all working bodies, the guidelines and policies of TITAN Group, as well as management staff performance evaluations, which includes aspects of social responsibility within the context of achieving business objectives and our long-terms values. Collaboration with stakeholders is an important aspect of business to investors, which is viewed from the aspect of monitoring the work of top management.

Through professional development and consultation, TCK regularly rewards know-how in terms of sustainable development, and one source of obtaining new information are the meetings held with TITAN Group's top management, where corporate social responsibility is always a priority topic.



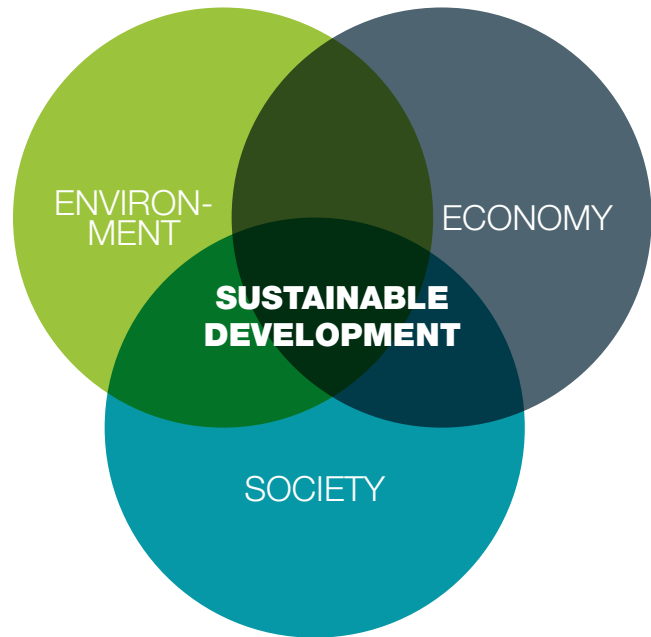
Materiality Assessment — Together on the Road to Sustainable Development

Openness toward all interested parties within the community and the encouragement of two-way communication demonstrates TITAN Cementara Kosjerić's long-term commitment and its business strategy. With these kinds of interactive activities and information, the Company confirms its efforts in regard to collaboration and mutual understanding with the community is constantly being brought to a new level, building a foundation based on mutual efforts on the road toward the sustainable development of the local community.

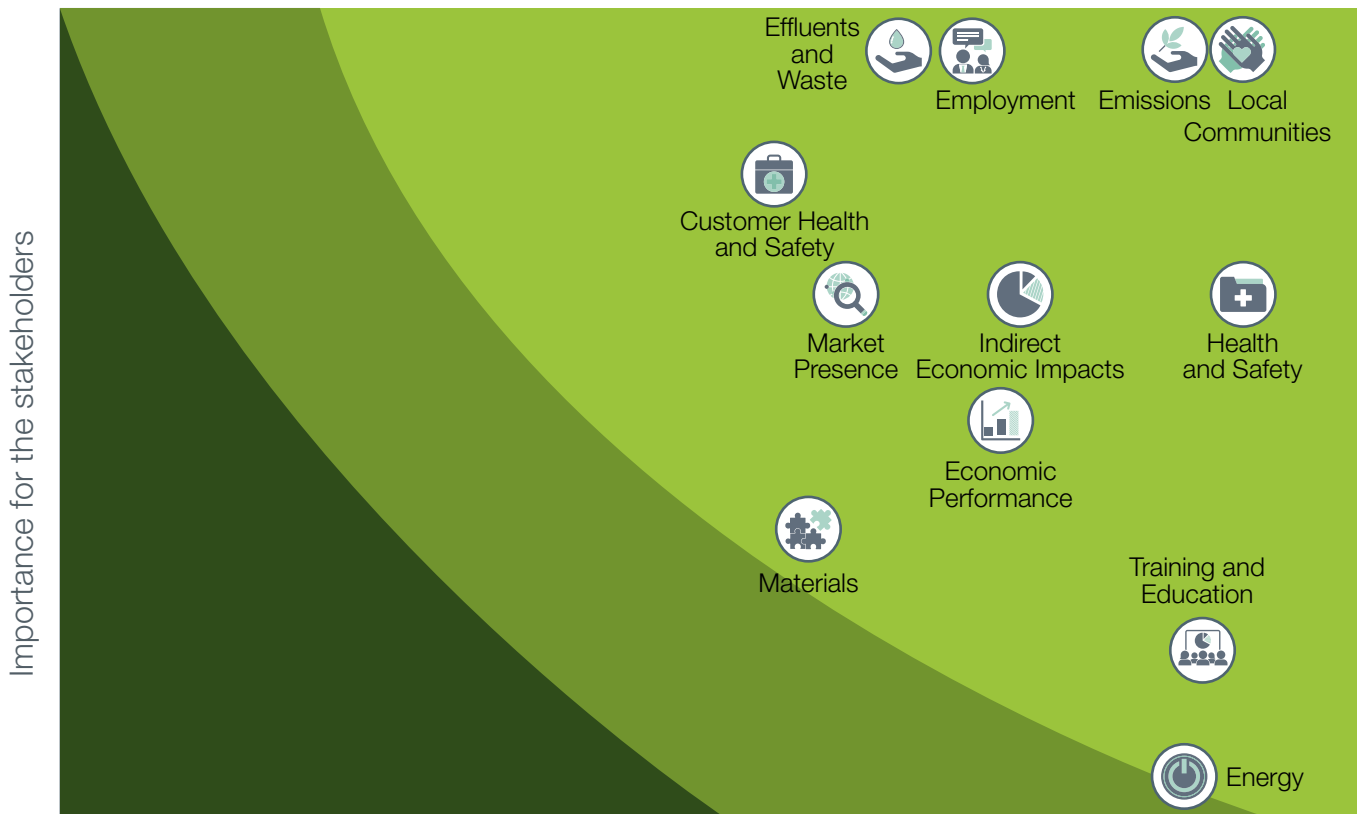
In line with TITAN Group policies, TCK periodically organizes the Our Community — Our Responsibility Forum, intending to give all stakeholders in Kosjerić the opportunity to be even more closely involved in resolving issues of mutual interest to all.

The objective of the Forum held in February 2018 was to identify the most significant topics which have an important impact on the development of the local community, within the context of TCK's operations. The Materiality Assessment, which is a part of the dialogue with stakeholders, allows the Company to gain a better understanding of the various perspectives of key stakeholders, as well as to actively respond to issues of significant importance.

Taking into account priority topics of material importance, relevant to all stakeholders, TITAN Cementara Kosjerić continually develops its CSR strategies, at the same time improving adapted and efficient reporting, aligning the interests and needs of its work with those of its stakeholders.



Materiality Matrix: key topics for the Company and stakeholders



Importance for the Company

Key material topics	Corresponding UN Sustainable Development Goals (SDGs)	TITAN codes/ Page in this Report	Key material topics	Corresponding UN Sustainable Development Goals (SDGs)	TITAN codes/ Page in this Report
Local Communities	SDG 2 Targets: 2.1 and 2.3 SDG 4 Targets: 4.3 and 4.4 SDG 8 Targets: 8.5 and 8.6 SDG 9 Targets: 9.1 and 9.5 SDG 11 Target 11.4 SDG 16 Target 16.5 SDG 17 Target 17.17	SP39L-SP43L	Economic Performance	SDG 8, SDG 9, SDG 11	Pages: 6, 42-44
Health and Safety	SDG 3 Target 3.6 SDG 8 Target 8.8	SP01L-SP12L	Employment	SDG 5 Targets: 5.1, 5.4 and 5.5	SP14L-SP17L, SP19L, SP27L, SP43L; Page 19
Training and Education	SDG 4 Targets: 4.3, 4.4 and 4.5 SDG 5 Targets: 5.1 and 5.5 SDG 8 Target 8.5 SDG 10 Targets: 10.2 and 10.3 SDG 16 Target 16.5	SP29L-SP38L	Effluents and Waste	SDG 6 Targets: 6.4 and 6.5 SDG 12 Targets: 12.4 and 12.5	EP06L, EP09L, EP38L, EP39L
Energy	SDG 7 Target 7.2 SDG 12 Target 12.2	EP34L, EP35L, EP37L	Market Presence	SDG 2 Targets: 2.1 and 2.3 SDG 4 Targets: 4.3 and 4.4 SDG 8 Targets: 8.5 and 8.6 SDG 9 Targets: 9.1 and 9.5 SDG 11 Target 11.4 SDG 16 Target 16.5 SDG 17 Target 17.17	SP27L, SP39L-SP43L; Page 19
Emissions	SDG 3 Target 3.9 SDG 9 Target 9.4	EP30L-EP33L EP18L-EP20L	Materials	SDG 12 Targets: 12.2, 12.4 i 12.5	EP01-EP05, EP27L, EP28L
Indirect Economic Impacts	SDG 8, SDG 11	SP39L-SP43L; Pages: 22-27	Customer Health and Safety	SDG 3, SDG 8	Pages: 7, 14, 22-23

Sustainable Objectives Pertaining to the Growth of Company and Society

The consistent focus on sustainability principles and corporate values, TCK's long-term growth find a foothold in the objectives set for key areas of work, which the Company has adopted until 2020. Through TCK's persistent commitment to enhancing responsible impact within society and the environment, the Company has joined the efforts to support the sustainable development objectives promoted by the UN Global Compact, as part of a universal ethical approach with international reach.

Objectives	Results 2017	Results 2018	Focus for 2020
Employees and Working Environment			
Development of Competencies	36.53 training hours completed, per employee. Approx. EUR 300 is the average training investment, per employee.	41 training hours held, per employee. More than EUR 370 is the average investment in career development, per employee.	Organize at least 30 training hours, per employee. Organize training that responds best in terms of employee needs.
Ethical Business Practices	Training held on the application of the TITAN Group Code of Conduct for all employees – 288 training hours dedicated to this topic.	Prepare to implement the TITAN Ethics Point project, which is a centralized system for the recording of potential whistleblower rights' violations and complaint mechanisms available to our employees, thus ensuring a higher level of confidentiality.	Implementation of TITAN Group Code of Conduct training for all employees – held every 2 years.
Work-related Injuries	Two work-related injuries occurred (LTI = 2), one being a minor and one a serious injury.	In 2018, there were no work-related injuries (LTI = 0). At the end of the year, 509 days were recorded since the last work-related injury.	Achieving and maintaining result: Work-related injury rate of 0 (zero).
Employee Engagement	Implementation of the action plan to increase employee satisfaction. Testing the working environment within relevant working positions 4 times a year, using a personal portable measuring device.	Implementation of the new SAP SuccessFactors platform used in process management in reference to our employees, through the unTe people project initiated by TITAN Group. Introduction of new kiln maintenance equipment. Realization of 191 preventative and corrective measures aiming to improve H&S conditions within the plant.	Improving satisfaction and employee engagement. Constant improvement of working conditions.
The Market			
Maintaining Customer Satisfaction	Not a single well-founded product complaint was made.	Not a single well-founded product complaint was made.	Maintaining a low level of complaints. Customer education and consulting services.
Responsibility Towards the End-user	Sale of weather-proof cement bags — for the customers located in northern Montenegro and in Slavonia (Croatia).	Awarded the ISO 9001:2015 Standard. We started producing cement CEM II/B-M(V-L) 32,5R in 25kg bags.	Maintain continuous communication, the objective being that 80% of key suppliers and customers adhere to the principles of responsible procurement. Maintaining harmonization with safety signs on bags with EU requirements.
Educating Customers and Suppliers on CSR	The Code of Conduct for Procurement — distributed with 32 agreements with new suppliers. Presentations organized for local contractors and operators on the subject — Safety First (140 hours). 51 H&S training hours held for contractors.	Three meetings held (total of 30 participants) with customers and suppliers — operators, on the subject of H&S at TCK, as well as on promoting TITAN business values and strategies in relation to large projects and maintaining sound business relationships with suppliers.	Maintain continuous communication, the objective being that 80% of key suppliers and customers adhere to the principles of responsible procurement. Continue to conduct H&S training for contractors and operators.
Pre-qualification of Suppliers	100% of all new suppliers passed the pre-qualification process.	100% of all new suppliers passed the pre-qualification process.	Maintain the pre-qualification process at 100% for all new suppliers.

Objectives	Results 2017	Results 2018	Focus for 2020
The Environment			
Investing in Sustainable Development	The amount of EUR 367,550 has been invested in the environment	An excess of EUR 690,000 has been invested in the environment	Continued efforts in achieving results in the field of environmental protection.
CO ₂ Emissions	Total specific direct emissions of CO ₂ was 633.8 kg/t _{product}	Total specific direct emissions of CO ₂ was 611.3 kg/t _{product}	Achieving total specific direct emissions of CO ₂ of 615.9 kg/t _{product}
Energy Efficiency	350 light bulbs were exchanged with energy efficient lighting.	450 light bulbs were exchanged with energy efficient lighting.	Exchanging all light bulbs at TCK with energy efficient lighting.
Alternative Fuels and Raw Materials	Wood pellets, a renewable source of energy, are used as a energy generating product, i.e. for heating only. In October 2017, the Decision on the Construction Permit was obtained in order to complete construction works on a SRF Manufacturing Plant (Solid Recovered Fuel Plant) for the Refuse Derived Fuel (RDF) Combustion at Titan Cementara Kosjerić. The ration of alternative raw materials used was 9.94%.	The ration of alternative raw materials used was 9.85%.	Continuing efforts to comply with EU standards in relation to alternative fuel utilization. Increase the ratio of alternative raw materials used.
The Local Community and Society			
Dialogue with Stakeholders	The event Plant Open Day was organized for all stakeholders and business partners, who were given the opportunity to visit the plant and learn about our operations and production processes.	Plant Open Day was organized for all interested partners and the general population in order to provide information about the plant's production processes. While presenting the Annual Report for 2017, stakeholder data was collected for those interested in air quality in Kosjerić and the use of alternative fuels.	Organize meetings with stakeholders and maintain an open dialog with said stakeholders.
Transparency and Integrity	An Integrated Annual Report was published, in accordance with cement industry standards and corresponding protocols set forth by the World Business Council For Sustainable Development (WBCSD) — Cement Sustainability Initiative (CSI).	The second Integrated Annual Report was published, in accordance with cement industry standards and corresponding protocols set forth by the World Business Council For Sustainable Development (WBCSD) - Cement Sustainability Initiative (CSI).	Continuous improvement of transparency through integrated reporting and sustainable development.
Strategic Approach to Investments in the Local Community	Total investments made in the local community amount to approx. EUR 130,000. The fourth cycle of the Knowledge for Challenges — Building a Culture of Continuous Learning program was implemented.	Total investments made in the local community amount to nearly EUR 150,000. The fifth cycle of the Knowledge for Challenges — Building a Culture of Continuous Learning program was implemented.	Continued support to crucial programs in the local community.



THROUGH COLLABORATION AND DIALOG TRUST IS BUILT

The use of alternative fuels in industry still raises many questions from those living in the vicinity of manufacturing plants and for this reason it requires a form of dialogue, that is serious, disputed and supported by expertise on all aspects of the use of these types of energy generating products prior to their implementation. Through various presentations, meetings and via our internal informative newsletter — TCK Novosti, we made an effort to inform the local public in terms of this topic, as well as on the subject of ambient air quality in Kosjerić and to offer insight into our results and long-term plans, validating the interests and concerns of the representatives of the local community.

The results recorded by Environmental Protection Agency's Metering Station and those that we presented to the public over the previous year clearly demonstrate the air quality in Kosjerić is effected by two seasons — the summer, when air quality is within prescribed limits and the winder season, when heating needs increase, and the air quality is greatly exceeding the defined limits. At first glance, this situation may appear illogical: air quality in a small town is the cleanest at the same time when the largest plant is working the most, and limits are exceeded in periods when the plant is not active. But this is actually the real picture depicting the environmental situation in Kosjerić. On the one hand, there is a plant which has been investing in the best available technologies and minimizing its direct environmental impact for years now, and on the other hand, inefficient systems are used to heat the homes of those living in the local community that are decades old. This is how we have ended up in a situation where domestic heating systems have an impact that this several times greater than the impact of a responsible industrial operator.

Now, a year later, when the measurements again show that adverse assumptions concerning our impact on the environment have not survived, we plan to initiate active and open dialogue with local community with respect to all of the conditions regarding the future use of alternative fuels at TCK. We will explain that the use of these types of fuels will not present a risk to the community, nor will it endanger the excellent results regarding environmental protection that we have achieved. Also, these improvements will allow for the long-term sustainability of cement production in Kosjerić, job security and greater investments in the needs of the local community.



Our Employees

Throughout its long-standing history, people have always been the main driving force at TITAN. Our principles regarding sustainable development depend firstly on quality employees, their professional capacities, and their dedication to mutual collaboration. Human resources are at the heart of our existing guiding principles, as well as our Company's entire business strategy. Thanks to the efforts of our employees and their talents, TITAN Cementara Kosjerić is able to achieve significant successes.

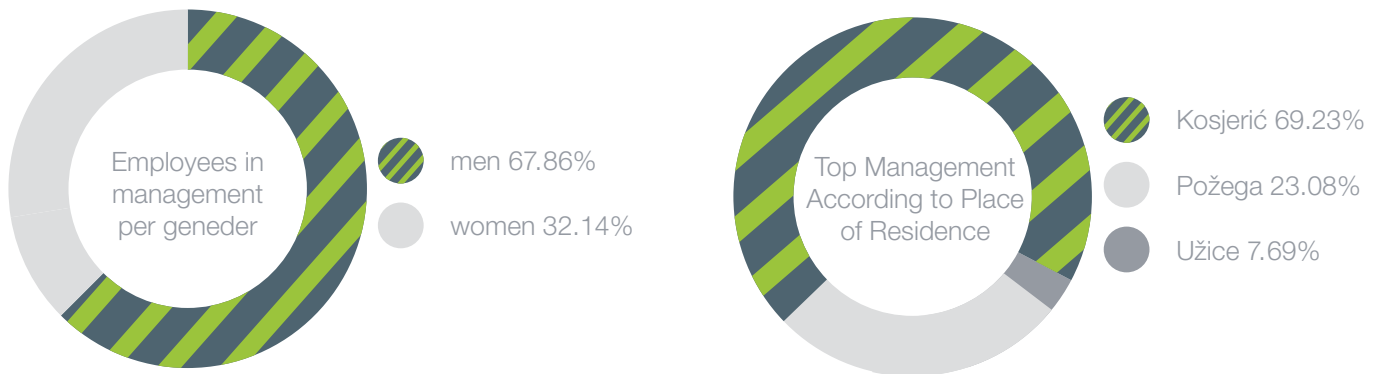
A series of incentive programs, the organization of HR management at TCK instructs employees in terms of the comprehensive development of professional and individual skills. The collegial climate categorized by trust and open opportunities for career advancement, is supported by the personnel guidelines provided by TITAN Group, which envisage equal opportunities for all employees, and promote integrity, meritocracy, open communication and transparency, aiming to create a successful bond between professional affirmation and business performance. Through constant actualization of professional development programs, TCK applies: The TITAN Leadership Platform (TLP), which perfects the quality of competences, the ethics and other elements of business conduct, as the binding thread woven through all successful and modern organizations. This effective model promotes good business practices and a perspective future, improving and evaluating performance at all levels of business.

For their many years of service with the Company, we give thanks to our employees through jubilee awards. One of the initiatives that we are particularly proud of is the provision of financial support in the amount of EUR 1,000 for each new born child of our colleagues, as a new member of the TITAN Family.

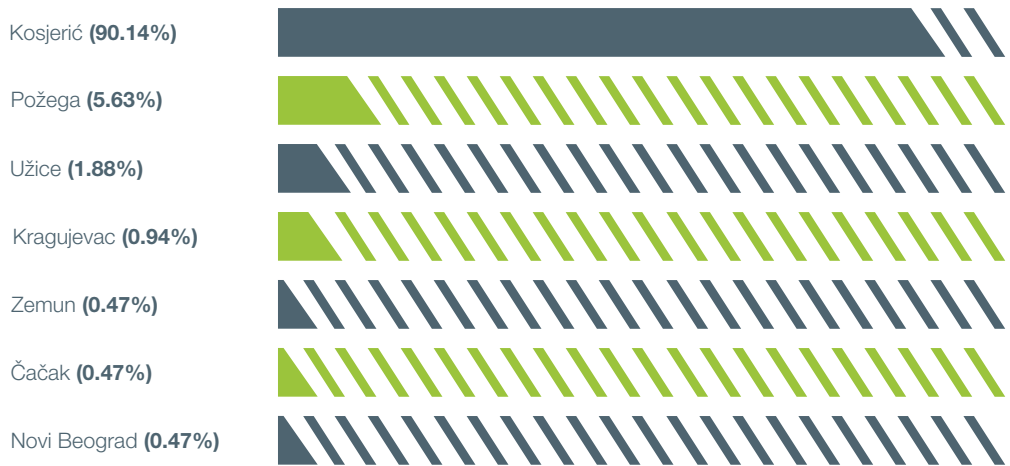
unite
people
The Group HR Management System

In 2018, we worked on implementation of **unite people** project, intended for the development of a global HR management system at the Group level. Significantly improving processes at TCK, this innovation will improve and simplify our daily HR related processes through the application of an online SAP platform, called SuccessFactors, a digital tool that helps us improve our employee experiences. In this regard, all of the most important activities will now be housed within the framework of a unique, global system, which provides more efficient and more precise analytics, an improved, digital management of employee performance processes, and their professional and personal development.





Structure of employees by residence



Statistics per Number of Employees		GENDER	AGE	2016	2017	2018
New Employees	Women	<30		2	6	6
		30-50		0	0	1
		>50		0	0	0
	Men	<30		1	5	6
		30-50		1	2	6
		>50		0	0	1
Employees who have left the organization – regular fluctuations	Women	<30		0	3	5
		30-50		2	1	1
		>50		0	0	0
	Men	<30		1	3	6
		30-50		0	3	1
		>50		1	2	7
Employees who have left the organization – Restructuring Program	Women	<30		0	0	0
		30-50		0	0	2
		>50		0	0	0
	Men	<30		0	0	0
		30-50		2	0	6
		>50		13	0	16
Fluctuation rate (Employees who left the organization / number of employees at the end of year)				9%	5%	23%

Parental leave at TITAN Cementara Kosjerić		2017	2018
Employees entitled to parental leave	Men	6	3
	Women	1	0
Employees who exercised their right to use parental leave	Men	0	0
	Women	1	0
Expected no. of employees to return from parental leave	Men	0	0
	Women	1	1
Employees who returned to work after taking parental leave	Men	0	0
	Women	1	1
Employees who returned to work after taking parental leave and are still employed 12 months later	Men	0	0
	Women	1	0

In line with TITAN Group reporting standards and the sector-based approach to the Cement Sustainability Initiative (CSI), TCK's detailed performance indicators in reference to society are provided on pages 38–39 of this Report.



INDIRECT EMPLOYEES*	2016	2017	2018
Total number of employed contractors	174	216	268
No. of contractors, without logistics and transportation	38	36	33
No. of contractors — logistics and transportation	136	180	234
Total no. of contractor man-hours	329,447	407,950	505,485

* No. of contractors estimated as FTE (Full-Time Equivalent)

Through Learning We Create Positive Change

TITAN Cementara Kosjerić's willingness to respond adequately to the challenges of its business competitiveness and its social tendencies is derived from the concept of continuous learning, as a permanent commitment of the Company. This is why we constantly invest in the development of know-how, expertise and the creativity of our colleagues, and why we consider that this is the best way to build a sustainable future for the Company at the mutual benefit of both the organization and its employees.

Average number of training hours according to gender:

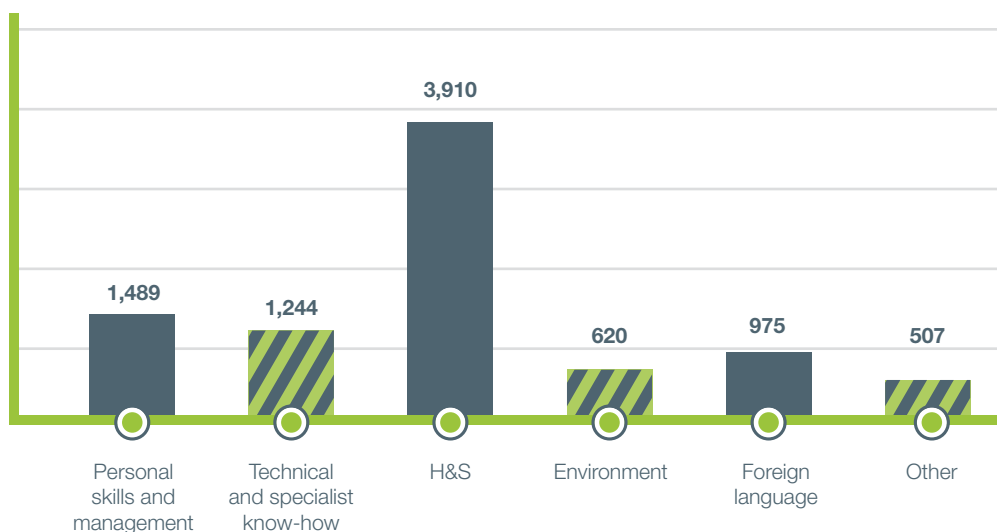


Average number of training hours according to employee category:



In an effort to further develop the professional capacities of our employees, in the previous period we have prepared the implementation of a significant number of online trainings, over 7,500, available to our employees 24/7, through the new SuccessFactors software, in collaboration with the LinkedIn platform, one of the most highly rated online learning platforms in the world.

Training in 2018: 8,745 hours



Self-responsibility and Responsibility Toward Others



The adopted and distributed H&S Policy within our organization demonstrates our dedication to achieving highest objectives within this area, which is a business priority, concentrated in one of our ongoing tasks — to create a safe working environment, with no work-related injuries. From this viewpoint, 2018 presents a successful period in which TCK had zero injuries. This is a result of the efforts of all our employees whose constant application of safety procedures and participation in recognizing new risks, contributed to improving the H&S system. Increasing the awareness of this issue, as a necessary factor in the continuity of sound achievements in all areas of the organization, we are able to build on the idea of caring for one another, an idea founded on a conscientious relationship with oneself, one's colleagues and business partners, which creates an environment in which a culture of safety may thrive.

All H&S incidents that take place, regardless of whether there are consequences to employees, assets or environment, are investigated in order to prevent the same or similar events from occurring. The findings are presented to all employees and stakeholders, and prescribed preventive and corrective measures are implemented in the shortest time.

TCK's H&S system is improved daily by spotting room for improvement in terms of rules and procedures, with the training organization, as well the promotion of expert inspections used to implement strict safety requirements. Reacting to any violation of the H&S rules and adhering to the principle of zero tolerance to safety risks, we establish the conditions required to attain the basic postulates that all injuries are preventable.

In 2018, TCK organized 3,910 hours of H&S training, i.e. 18.44 hours per employee, while our contractors had 259 training hours. In addition to regular, theoretical and operational development, highlighting practical skills, we have completed the remaining four training sessions on the prevention of serious incidents. With this program, we seek to further improve the safety awareness of our employees through detailed analysis of the causes of past incidents that have occurred in other plants.

The improvement of existing and gaining new know-how, plays an important role in this area, as a precondition for success. In addition to our workplaces, we nurture the concept of safety education within the community, in that we organize Safety Workshops for 4th graders in all elementary schools within Kosjerić's Municipality, and through adequate presentation, we spread acquired know-how among our contractors and business partners, thereby strengthening good business communication.

At the end of last year, the execution of the amendment to the existing Workplace Risk Assessment Bylaw, on which basis the remaining risks were identified upon the application of mitigation measures, in addition to compliance with the valid workplace systematization. This, 7 workplaces with increased risk were identified, which are filled by 18 employees. By applying appropriate expert methods, we identified 19 new or hidden hazards and at the same time we implemented 191 preventative-corrective measures, arising from incidents inspection, external and internal audits and recommendations for improvement.

There is a Safety Committee at TCK which includes 5 employee representatives and three employer representatives. Through the activities of this body, we are able to achieve sound understanding and an exchange of all types of information regarding H&S within the Company. Independently or via their chosen colleagues within the Committee, employees are able to impact positive change within the safety system, and successful communication and creating an atmosphere of mutual trust, significantly contributes to the everyday increased feeling of working in a safe environment and the achievement of excellent results in this area. H&S is the most important topic and the one to introduce each and every meeting or training session within the Company, being the starting point from which all aspects of our business develop.

Significant issues in regard to H&S are laid out in detail within our Company's Collective Agreement. In June 2018, we successfully implemented checks in terms of the compatibility of our H&S system with the OHSAS 18001 Standard, during this inspection, no inconsistencies were identified. Aiming to improve the system, one observation was recorded, for which two recommendations for improvement were provided, which demonstrates the high quality of safety organization with TCK, which has been recognized by the external OHSAS audit. In line with TITAN Group reporting standards and the sector-based approach to the CSI, TCK's detailed result indicators in reference to H&S are provided on page 38 of this Report.

Growing up Safe with the Support of Titan Education

In adhering to the TITAN values, in 2018 we continued to implement the Safety Workshops program through theoretical and practical application. Used as an educational model for elementary school children, to develop safety awareness and responsible conduct in everyday situations. In collaboration with relevant parties operating with the local community, once again this year we have entertained 4th graders from Mito Igumanović Elementary School in Kosjerić, in collaboration with the classes located in surrounding villages, as well as 4th graders from Jordan Đukanović Elementary School in Varda. The children demonstrated an interest in participating in topics to do with safety recommendations during school activities and in their free time, then, on using the internet in a safe way and prevention of peer violence, and they expressed special interest in the practical examples provided on traffic situations, a fire extinguishing demonstration and medical advice on the secrets to healthy eating habits. By constantly monitoring current H&S requirements, this cycle of workshops that TCK has provided for many years now is a way in which we continuously update our educational topics, the objective being a preventative approach that will have an impact on educating younger generations.



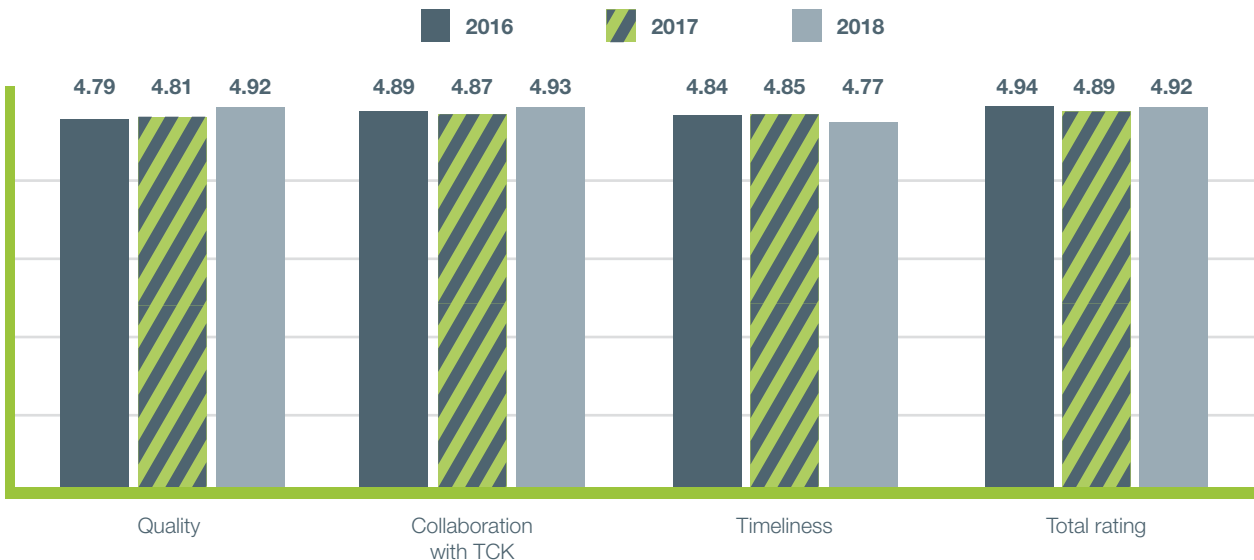
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Our Business Partners – Customers and Suppliers

In its business practices, TITAN Cementara Kosjerić expresses its commitment to impact sustainability in a clear and concise manner, rooted in its Company culture – an important feature that are customers can be proud of and one which increases their level of satisfaction. Also, through client communication, TCK confirms that it shares in the responsibility of caring for the long-term welfare of the local community.

Since joining the TITAN Group, TCK has expended a great deal of effort in contributing to the development of society through the products and services it provides, adhering to the principles of sustainable development. Based on these principles, the Company seeks to permanently improve customer satisfaction by offering products, solutions and services that constitute and reinforce their confidence. When providing services to customers, we strive toward honest, exactness and speed, and act from a place of recognition, understanding and respecting the needs of our customers.

The results of Customer satisfaction survey 2016-2018



Our customers choose to collaborate with us because we consistently provide products of excellent and stable quality, as well as reliable and dependable services. Top performance of such a strategy ensures competitiveness and business success. In April 2018, TCK began to package and sell 32,5R cement in 25 kg bags, an idea and recommendation provided by a customer. By adjusting the type of packaging and responding to the expectations of the market, we seek to meet our customers' and end-users' needs. When consumers have specific questions or concerns, they are able to receive answers 24/7, in direct contact with us. Our Sales Representatives are ready to provide the required information about our entire product line and services, to talk to our customers about how they can use the products they purchase from us and about product specificities, giving expected advice and recommendations. We have also provided general information regarding the application, characteristics, safety features and storage conditions in regard to our products, which our customers can find available on the packaging and/or on the safety or technical specification list, found on our website at: www.titan.rs.

The well-organized supply chain at TITAN Cementara Kosjerić implies the important role played by suppliers, with whom we successfully collaborate, based on H&S and environmental requirements, adhering to human rights and the application of legal regulations. The selection, control and evaluation of suppliers is regulated through the TITAN Group Procurement Code of Conduct, based on criteria of quality, reliability, adaptability and business location, while stressing a partnership approach towards business partners and appreciation of clients' needs, as well as distinguishing business ethics at TCK.

By consistently promoting socially responsible practices in our overall scope of influence, our Company motivates suppliers to adopt Titan's Procurement Code of Conduct and Titan's business practices within the sphere of supply chain management and to improve performance on the basis of this model.

Affirming the principles of sustainable development, at TCK we are able to achieve a twofold impact on our suppliers — direct, through the pre-qualification of suppliers and the signing of a contract with them, and indirect: by promoting responsible procurement. Within the scope of this procedure, during pre-qualification and when signing the contract, as well as prior to the commencement of the work for which they were hired — we expect that our supplier's relationships with their employees and sub-contractors is adapted to suit the general legal requirements in H&S, along with the acceptance of the terms and conditions, which our Company establishes, whereby all employees are under an employment contract in accordance with labour legislation. Additionally, our suppliers are expected to adhere to all relevant regulations within the area of environmental protection, as well as internal Titan requirements which go beyond those prescribed by law. In accordance with the set standards, suppliers execute works, with the duty to orient their practices according to the principles of ethical business, supporting fair competition and the absence of corruption and bribery.

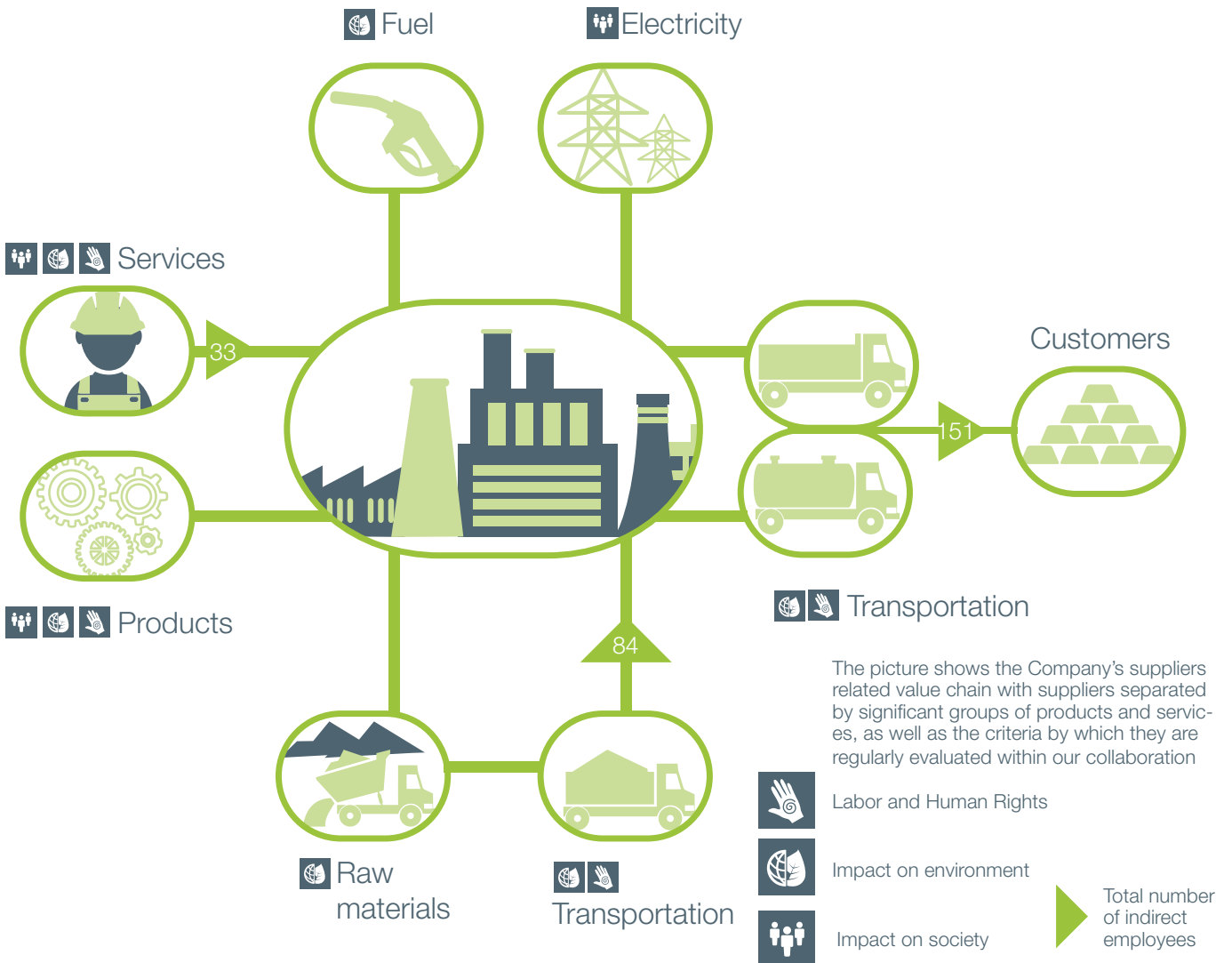
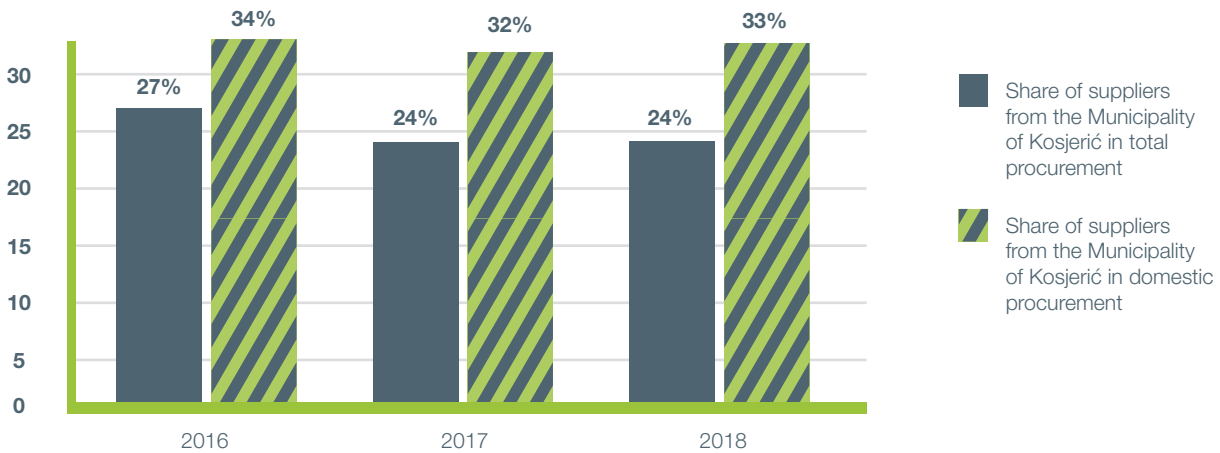
In its business surroundings, TITAN Cementara Kosjerić takes into account suppliers from social enterprises, which it includes in the procurement process when there is the possibility to do so, using their products and services for our needs.

In 2018, all new contractors were included in the pre-qualification process according to the following criteria: adherence to labor and human rights, societal impact, and timeframes in which works are executed, and according to H&S and environmental criteria.

By evaluating suppliers, we have established a continuous process at TCK on the basis of numerous parameters, which we implement throughout the collaborative relationship. In order to measure success, we take into account the audits executed on our contractors, the valuation according to which H&S criteria are assessed after the completion of works, and monitor product/service quality. At the same time, we conduct an annual evaluation of our suppliers with whom we worked within the calendar period, and the assessment system also includes indicators of product or service quality, collaboration quality and the application of responsible business practices. In 2018 we assessed 409 suppliers out of the 714 that we worked with. Of this number, 20% were assessed in terms of H&S and environmental impact.

In line with the procurement procedures at TCK, in the process of collecting bids, we seek to invite to tender all local suppliers who are able to offer the required product or service, in addition to other interested participants. Also, in selecting the most acceptable offers, we provide an advantage to local suppliers, if their bids are close to the prices offered by suppliers not located within the Municipality of Kosjerić. The value of procurement from suppliers from Kosjerić in 2018 amounted to a significant EUR 7,400,000, which is 20% higher than in 2017.

Participation of local community suppliers in total procurement costs of TCK

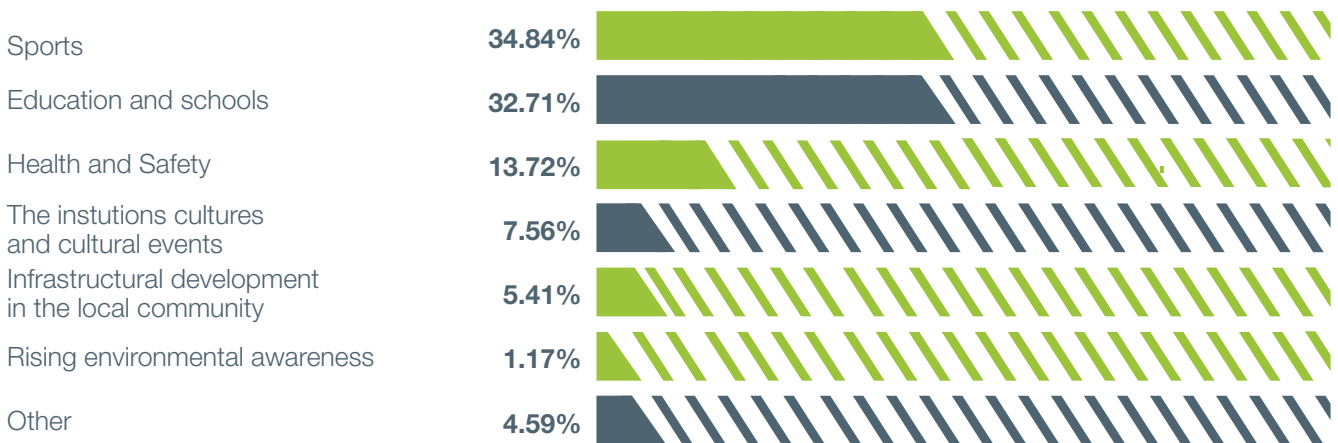


In 2018, TCK had a significant increase in the number of working hours of operators delivering materials necessary in production processes. There is a 90% increase in the number of hired drivers in comparison with 2017.

TITAN IN KOSJERIĆ

Despite being the youngest cement plant in Serbia, our Company is distinguished as a leader in terms of economic, environmental and socially responsible producers of building material within country, as evidenced by its commitment to sustainable business.

Almost EUR 150,000 were invested in development programmes of the local community in 2018.



In 2018, the local budget revenues from TCK, based on taxes, amounted to more than 59,590,000 dinars. This means that every third dinar in Kosjerić’s Municipality budget is a contribution of our company.*

Five Years of Professional Development of the Young Through Cherishing TCK Values

For the past five years, TCK has consecutively organized professional internship in which graduates and students are granted the opportunity to supplement their university education within a real business environment, with the full support of our employees. The training program called Knowledge for Challenges — Building a Culture of Continuous Learning promotes Titan’s values and demonstrates to young people the need for constant professional development as a prerequisite for career success. Inclusion in work processes, enables interns to shape their organisation and time management through business tasks and integration into the TCK, which is a valuable experience in career planning. This is supported by the data that almost half of all the interns thus far have found jobs within a year upon the completion of Company’s training program. With very successful final presentations on newly acquired competencies, ten candidates who attended this year’s training program have joined the participants of a project in line with the European Pact for Youth, within the European business network for CSR Europe, with TITAN Group as one of the signatories.



* Estimation based on published financial statements of Kosjerić’s Municipality for 2018.

Through Partnerships We Increase Society's Resources



During the traditional event Plant Open Day, held in September 2018, TCK featured a presentation of the eighth Integrated Annual Report for the year 2017. The contemporary format of the document reflects the Company's advanced socially responsible practices, based on principles of know-how and ongoing improvement, aligned with the UN Global Compact's sustainable development objectives.

The Report is particularly focused on ambient air quality analysis in Kosjerić and the influence of TCK's operations on test parameters in this field.

Following the promotion of the Annual Report, numerous interested visitors went on a guided tour with the Company's representatives, whereby they were able to familiarize themselves with TCK's operations, while the children in attendance were engaged in various creative workshops and fun activities, learning new things and socializing with their peers, parents and TCK employees who are always ready to support gatherings held with the local community.



Improving Living Conditions Customized to All Generations



TITAN Cementara Kosjerić promoted the winning projects at an official ceremony, supporting these from a prize fund of EUR 20,000 within the traditional For My Kosjerić contest. Through this type of long-term initiative of socially responsible practices and close collaboration with local institutions and organizations, our Company promotes investment and program, aiming to establish contemporary conditions for education, promoting cultural and artistic activities, raising the level of social protection and inclusion, as well as environmental conservation. At the 2018 contest, as many as fourteen projects were awarded, out of 28 submitted applications, for contributing to the quality of life in Kosjerić in the best way. This beneficial and long-term performance, backed by TCK's social engagement, was also supported by the best candidates from the previous year, who presented fresh ideas, innovations and results to trigger positive changes among fellow members of the public.

Team Spirit Leads to New Sports Medals

In Sreska bašta sports hall, TITAN Cementara Kosjerić officially presented this year's donation to six local sports clubs. In providing financial support in the amount of over EUR 40,000, which was the amount allotted to municipal sports organizations in the previous year, the total value of our investments in sport development in Kosjerić since 2002 amounts to nearly EUR 800,000. Vanja Grbić, a renowned volleyball player and a member of the Volleyball Hall of Fame, also highlighted TCK' merits in the CSR field. As a guest of honour at this event, he also gave a motivational speech on the significance of making a team effort and the path to becoming a champion.



We Convey the Horizons of Humanity and Health Culture

For a number of years now, within the scope of its CSR practices, TITAN Cementara Kosjerić has been organizing an event under the slogan One World. One Home. One Heart. which promotes life values in the community through sports, proper nutrition and preventative medical check-ups. As a result of the joint efforts of TCK and the Kosjerić Red Cross, there was a voluntary blood donation organized in May of last year, supported by approximately 60 people from our town. We are particularly proud because this initiative also appealed to young participants, who were the first to join in this philanthropic event. In collaboration with the Kosjerić Health Center, on that same day approximately 50 people had their blood pressure taken, their blood sugar levels tested and were provided with useful medical advice at the TCK Info Center; at the same time, organic juices were taste tested and participants were given information about healthy eating habits and the importance of a healthy diet.

We were particularly pleased by the fact that among those participating were children, and with this health culture program they were given the opportunity to acquire the values of team work and positive lifestyle habits through games. This get-together was led by Mr. Nemanja Cvijić, a local PE teacher, who demonstrated a number of exercises for the adequate growth and development of children, so our main street in Kosjerić was full of children's cheerful chatter and the smiles of passers-by.





CARE FOR THE ENVIRONMENT

Environmental protection at TITAN Cementara Kosjerić means the cautious handling of resources and the responsible execution of operational activities with minimum impact on the environment.

We strive to effectively organize all activities related to environmental protection and conservation, and to improve performance in this area, which is why we have developed and apply an Environmental Protection Management System. This Environmental Protection Management System is externally certified, in line with the EN ISO 14001 Standard, and was implemented in 2010, and in 2018, we completed certification in line with the 2015 issue of this standard.

In our Environmental Protection Policy, we have declared that we are actively dedicated to environmental issues facing our community, not only including pollution prevention, but also the use of recycled materials, reducing climate change, reducing environmental impact, protecting resources and conserving biodiversity, as key management challenges. Within the framework of this Policy, we have focused on improving performance in the area of environmental protection and open communication of achieved results.

Through our operations and annual environmental protection programs, TITAN Cementara Kosjerić aims to continually improve in the following areas:

- minimizing the impact of emissions on the environment,
- conserving mineral and energy resources,
- minimizing waste production and waste management in line with waste management hierarchy,
- minimizing water consumption,
- conserving biodiversity.

In 2018, TITAN Cementara Kosjerić obtained its second IPPC permit, in accordance with the Law on Integrated Pollution Prevention and Control.

This permit prescribes the conditions under which a plant is obliged to perform its operations, and to minimize the environmental impact in the process. The permit primarily prescribes the permissible emission levels, but also the prevention and control of negative environmental impacts by means of rational resource management, implementation of Best Available Technology (BAT) and the conservation of natural raw materials.

TITAN Cementara Kosjerić takes pride in the fact that it was the first plant in Serbia to obtain an IPPC permit (2011) and by obtaining it the second time, we have once more proven that we not only fulfill relevant RS legal regulations but also comply with European norms in the area of environmental protection.





Energy and Climate Change

TITAN Cementara Kosjerić recognizes climate change as a formidable global challenge and is dedicated to give its contribution through the implementation of practical improvements into its existing production capacities and products.

Energy

Cement production is an intensive process in terms of energy consumption, which requires great amounts of thermal and electric energy, therefore TITAN Cementara Kosjerić seeks to boost the energy efficiency of its production operations, i.e. to reduce energy consumption, necessary for the production of clinker and cement.

In 2018, we continued with the planned realization of energy consumption through the application of adopted measures to increase energy efficiency:

- by replacing the existing lighting system with energy efficient LED lightbulbs,
- planning and organizing kiln operation within an effective schedule, with the minimum number of planned shutdowns,
- installation of new fuel oil tank, 100 m³ volume, and removal of the fuel oil tank of 2,000 m³ volume, with the replacement of the fuel oil preheating system (replacement of steam heating with hot water heating).

In the previous year TITAN Cementara Kosjerić used thermal energy obtained through fossil fuels, biomass combustion and electric energy. In comparison with 2017, in 2018, the total consumption of thermal and electric energy rose (by 2.6% and 8.2%, respectively), as a result of increased production volume. However, energy efficiency was actually improved as indicating by the reduction of the specific energy consumption index (by -0.2% and -5.0%, respectively).

Overall, in 2018, energy consumption was proportional to cement production, consistent with energy consumption indicators at TITAN Group cement plants (http://www.titan-cement.com/integrated_report_2018_EN.pdf), and this ratio applies to achieved values of specific energy consumption per unit of product. As an important portion of operating expenses, a detailed breakdown of data on thermal and electric energy consumption at TCK is subject to confidentiality restrictions, in accordance with the Company's policy.

CO₂ Emissions

In the cement production process, approx. 60% of CO₂ is created due to chemical decarbonization of raw materials, and the remaining 40% is created as a result of fuel combustion. In order to ensure that all practical possibilities for the reduction of CO₂ emission have been identified and taken into consideration, we have developed a strategy to reduce CO₂ emissions, based on three sustainable initiatives: improvement of energy efficiency, development of eco-efficient products and the substitution of fossil fuels with alternative fuels.

In 2018, total direct CO₂ emission was 1.4% more than 2017, due to increased production. In the same period, the total emission of biogenic CO₂, resulting from wood pellet combustion, amounted to 553 tones. In 2018, specific direct emission of CO₂ per ton of product¹, was 3.5% less than in 2017.

With the aim to reduce CO₂ emissions, in 2018 we focused on looking into the possibilities of producing eco-efficient CEM V products, and to that end, conducted all the necessary industrial tests, thus including this cement type into our assortment of product on offer, as of 2019.

In monitoring CO₂ emissions, TITAN Cementara Kosjerić and TITAN Group apply the WBCSD/CSI Protocol². CO₂ emissions monitoring and reporting in accordance with said Protocol is conducted voluntarily, considering that Serbian law does not require this type of calculation nor monitoring in relation to these types of emissions.

¹ The product is cementitious products, according to the WBCSD/CSI

² "The Cement CO₂ and Energy Protocol – CO₂ and Energy Accounting and Reporting Standard for the Cement Industry", v.3.1 (2011)

Air Emissions

TITAN Cementara Kosjerić is committed to reducing environmental impact and we achieve this by regularly inspecting and monitoring air emissions, adjusting to new, more restrictive air emissions regulations, exceeding local regulatory requirements and setting ambitious objectives in terms of emission reductions.

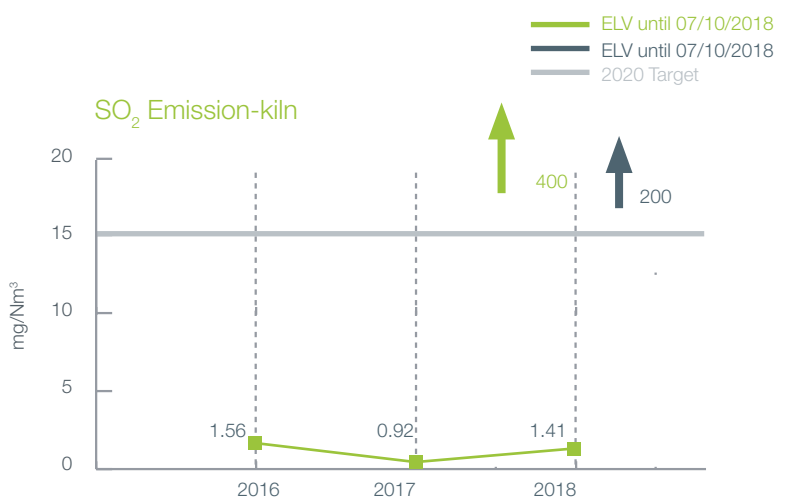
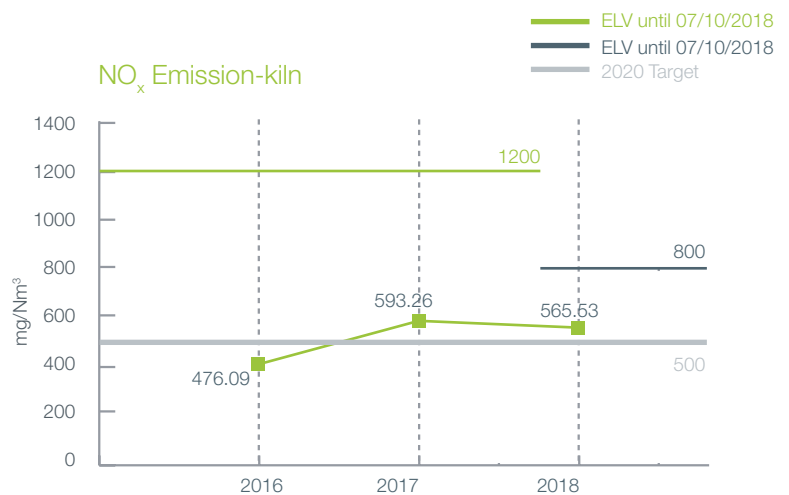
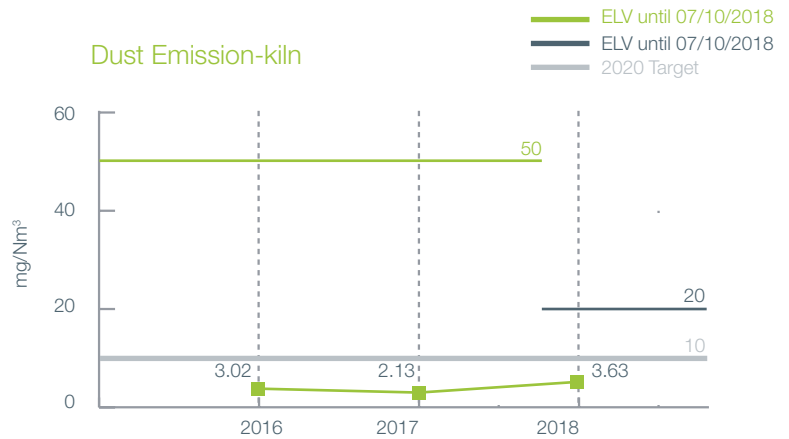
As the operation of the rotary kiln used in the production of clinker is based on the combustion of fossil fuels, significant emissions into the air are the following: nitrogen oxides (NO_x), sulphur oxides (SO₂) and dust emissions. At TITAN Cementara Kosjerić, we have ensured that all clinker production is accompanied by the continuous monitoring of major emissions.

Automatic emission measurement devices are fitted in all of the major emitters of air emissions thus ensuring the availability of air emission indicators in real time which in turn allows us to conduct preventative activities in terms of maintaining emission levels below emission limit values. Average fifteen-day emission values measured at the rotary kiln emitter are available on our Company's website: www.titan.rs and the transparency of this information is one of the ways in which we communicate with our stakeholders. Emission reporting is carried out in line with regulations and regulatory requirements, as well as WBCSD/CSI Guidelines³. The measurement of emissions by other emitters are periodically conducted by authorized institutions.

The graphs show achieved values of air emissions, vis-à-vis with ELVs. We would like to highlight that in 2018, when TCK was issued the IPPC permit, new, more restrictive emission limit values were defined, which we achieved in 2018, once more confirming that the preventative measures applied to reduce air emissions are both proactive and adequate. In addition to the overall regulatory objectives, we have internally defined more restrictive objectives, which we committed to achieve by 2020.

Our commitment to reduce emission levels below mandatory and regulatory limit values is also demonstrated by the fact that in December 2018 we introduced flame cooling in the rotary kiln – a technique applied to further reduce the nitrogen oxide emissions.

TCK regularly submits reports on its emissions to the competent Ministry and Environmental Protection Agency.



Quality of Ambient Air in Kosjerić

Investments in environmental projects have been made, and the systems for managing and implementing environmental protection measures have been established and applied at TITAN Cementara Kosjerić, which is a guarantee of TCK's environmentally-friendly operations. The levels of air emissions from our plant are far below those prescribed by law and these low air emissions ensure that TCK's environmental impact on the quality of air in Kosjerić is negligible. The best indicator of low environmental impact of our plant on the quality of Kosjerić air are the measurements of ambient air quality parameters, which are conducted by the Environmental Protection Agency.

As regards the quality of ambient air in 2018, the measurements conducted by the Environmental Protection Agency showed that air pollutants were present in Kosjerić irrespective of the operations of TCK. For example, the results of ambient air quality measurement, which the Agency conducted in Kosjerić in 2018, show a large number of days with deteriorated air quality early in the year, regardless of our plant being shut down over an extended period of time due to an overhaul (January and the first half of February). The same data show that ambient air pollutant levels were lower as the heating season advanced and that eventually, when the heating season was over, air pollution issues in our town no longer existed because once the heating season was over a full 5-month period ensued during which there was not a single day with exceeded daily PM10 concentration levels. The excellent quality of air during this period was in no way jeopardized by the operations of our plant regardless of the fact that this is the period in which our plant is typically running at full capacity.

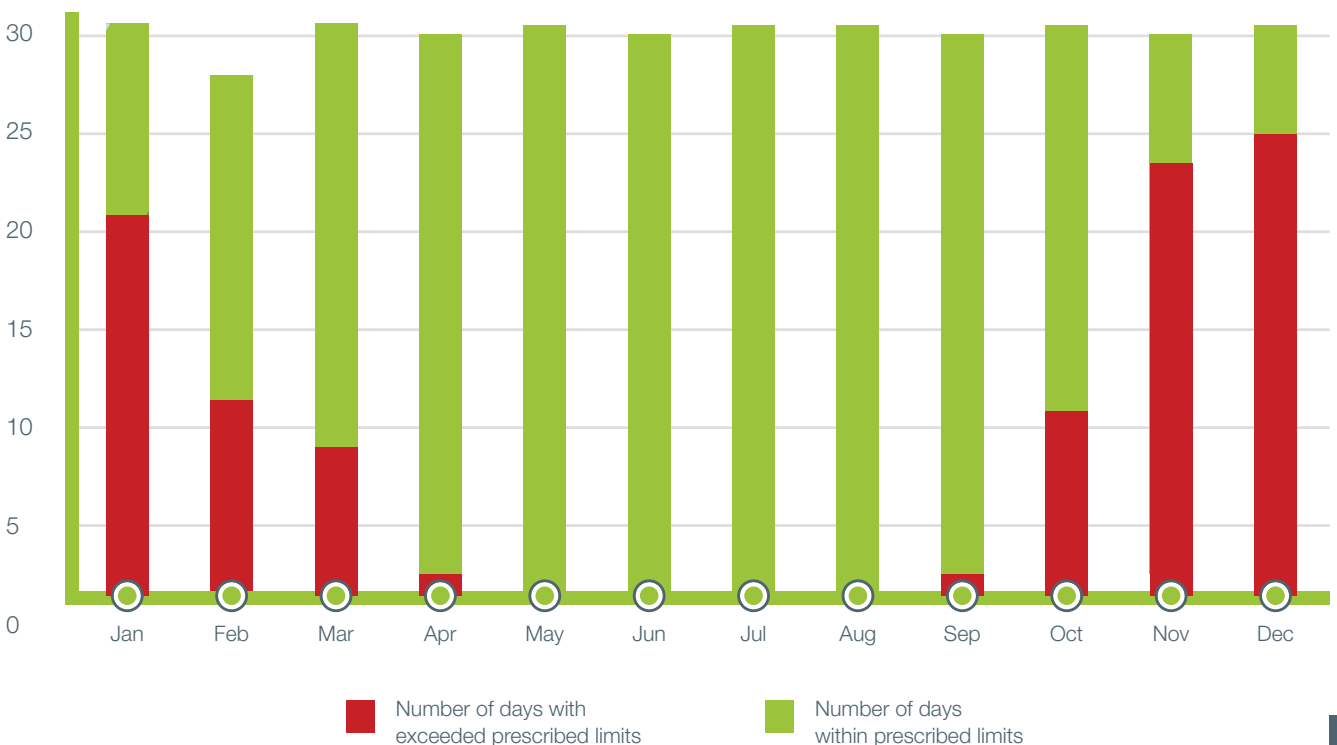
Unfortunately, when the new heating season started in our town, the air quality issues returned. These results confirmed our prior claims that the operations of TCK did not have significant impact on the quality of air in Kosjerić, and that the reason for this instead are inefficient heating systems in the surroundings, with a large number of individual combustion chambers and small boiler rooms, and also the cold climate and unfavorable terrain – as main sources of issues with air quality, which is after all the case in the majority of similar towns in Serbia.

Such trends: air quality deterioration in the periods January–March and October–December, regardless of whether our plant is in operation or not, and good quality of air during the period April–September, when there is no long-term home heating and when we are working at full capacity – are the best evidence that our plant and the systems for managing and implementing environmental protection measures are effective.

The graph below shows the number of days during which the limits were exceeded and number of days when quality of air was within defined limits for the PM10 parameter, for each month in 2018. It is obvious that the days when air in Kosjerić was polluted were, as a rule, during the heating season, and that the quality of air improved as there was less need for heating and that the quality remained within the prescribed limits during the summer, irrespective of our peak operations during summer months.

Number of days in 2018 with higher PM10 particle concentration in Kosjerić

(source: The Environmental Protection Agency)

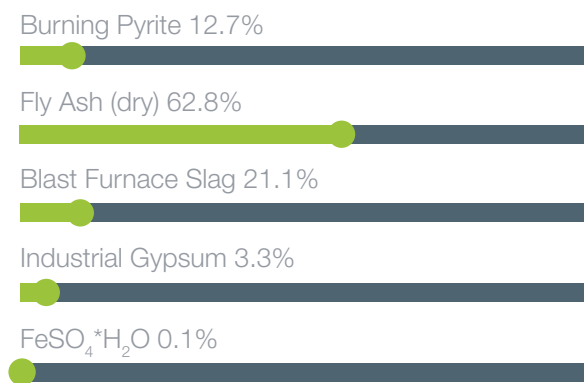


As data provided by the Environmental Protection Agency shows, TCK operations have a minimum impact on the quality of air in Kosjerić, which we see as a major success, one that we as a Company can be proud of. Even though air quality issues in Kosjerić are not the result of our operations, being a Company to which CSR is very important, we support the need of fellow citizens to have clean air throughout the year and with this in mind, we are willing to support planned and targeted initiatives that will lead to responsible action taking place within the local community. In our business practices, we will always advocate for a healthy environment in which we pool the use of natural resources together, but all of us must also take our own share of responsibility in preserving that same environment.

Conserving Resources

In line with our efforts to increase sustainability, we continually seek to find ways to satisfy the demands of a growing urban population, while at the same time conserving resources that are difficult to renew and non-renewable natural resources.

Structure of consumed ARMs (%)



Natural and Alternative Raw Materials

Efficient use of resources is an important part of all of TITAN Cementara Kosjerić's strategic objectives. It is here that we see a chance to reduce the use of natural resources, by increasing the use of alternative raw materials. Thereby we can contribute to reducing the exploitation of non-renewable resources, while reducing waste stockpiling in other industrial branches at the same time. In 2018, TCK consumed almost 84,000 tons⁴ of secondary — alternative raw materials in cement production. Due to a lack of appropriate industrial waste products within the Republic of Serbia market, the availability of these materials in the total consumption of raw materials amount to just 9.85%⁵, which is 0.91% less than in 2017.

Water

For a number of years now, water consumption has been considered a topic of importance, significant from the aspect of business and from the aspect of the greater community. We opened a wastewater treatment facility in 2010, then in 2014, the water recycling facility, whereby we achieved a significant decrease in specific water consumption, necessary in performing our activities.

We use water for our industrial and sanitary needs and as drinking water. For its industrial needs, TCK uses water extracted from the Skrapež River and by collecting atmospheric and storm water, while drinking and sanitary water reaches TCK through the utility supply system. TCK does not produce wastewater through its technological processes as industrial wastewater is used in the production process as a coolant (to cool material, gases and equipment) as well as to clean transportation routes (access routes).

The amount of water drained from the Skrapež River, wastewater discharged into the river, as well as the amount of water used in the production process itself, is measured with the help of water flowmeters which allow TCK time to analyze the data provided.

Specific consumption of water in 2018 has been reduced by 14.4% in since last year, that is well below the target set by TITAN Group (250 l/t_{cement}). Through our Recirculation System, we were able to reuse 573,008 m³ of filtered wastewater, which means that the total ratio of reused water, in relation to all of our water needs amounted to 87.9%.

The high level of criteria that applies to the implementation of a water protection system which we have set within the Company means that our wastewater, storm and atmospheric waters are processed to the required level of quality and only once this process has been complete is this water discharged into the Skrapež River. The quality of treated wastewater is subject to regular monitoring, and reports and analyses demonstrate that TCK adheres to all regulation requirements concerning the discharge of wastewater. After being treated, a total of 27,609 m³ of water was discharged into the Skrapež River by TCK. Additionally, 138,728 m³ of treated, collected rain and storm water was discharged into the Skrapež.

Waste Management

At TITAN Cementara Kosjerić, waste is managed in accordance with the local legislation of the Republic of Serbia. When waste flows generated as a result TCK activities are in question, these relate solely to waste generated as a result of plant maintenance procedures, as waste is never a by-product of our technological process of producing clinker and cement. Considering the origin and type of waste, all generated waste is submitted to authorized collectors and operators for further treatment.

The amount of waste generated at TITAN Cementara Kosjerić throughout 2018 amounted to 146 tons. Non-hazardous waste (scrap metal, waste paper, palettes, waste foil, municipal waste, etc.) accounted for 117.7 tons, of which 84.9 tons was shipped to recycling facilities and 32.8 tons was prepared for disposal. The amount of hazardous waste generated (waste oils and greases, accumulators, light bulbs, etc.) totaled 28.3 tons, submitted to authorized operators for further treatment. The transportation of waste was conducted by enterprises with permits allowing them to collect certain types of waste.

Conserving Biodiversity

Our Company's production process depends directly on the exploitation of mineral raw materials, and for this reason the responsible and efficient management of land, conservation of biodiversity, quarry cultivation are highly ranked activities on the list of priorities at TCK Cementara Kosjerić. Through continued efforts, we are able to achieve the rehabilitation of our quarries, applying standards and good business practices in all TCK activities, formulated within the WBCSD/CSI Guidelines on Quarry Rehabilitation and the Biodiversity Management Plan Guidance.⁶

We place a great deal of focus on biological cultivation, which we conduct in an effort to form a forest shelter belt, prevent erosion, ensure slope stability, ensure top soil stability and control runoff. Within the framework of constant activities conducted in the implementing of Rehabilitation Plans of the Suvo Vrelo and Godljevo Quarries, in 2018 we planted 50 deciduous tree seedlings within the vicinity of our marl mine.

Titan Cementara Kosjerić achieved good results in environmental protection of the region and it is as fact that in 2018 the Company did not have a single material, fuel, or waste spill, nor were there any incident of oil or chemical discharge. At the same time, TCK was not issued a single punitive measure in relation to its non-adherence to the law and regulations governing environmental protection.

In line with TITAN Group reporting standards and the sector-based approach to the Cement Sustainability Initiative (CSI), TCK's detailed result indicators in reference to Environment are provided on pages 40—41 of this Report.



⁶Guidelines for Quarry Rehabilitation (2011), Biodiversity Management Plan (BMP) Guidance (2014)

SUSTAINABILITY OF BUSINESS – USE OF ALTERNATIVE FUELS IN CEMENT PRODUCTION

The need to protect natural resources and optimize industrial operations requires that the cement industry's long-term concern should be on how to increase the energy efficiency of production processes. In this way, there are savings in terms of operating expense and the exploitation of non-renewable fuels while at the same time diminishing an adverse impact on climate change. For the time being, TCK obtains all of the energy it needs to operate the kiln from fossil fuels, whose reserves are limited, so the use of alternative fuels is the only path to continued sustainability of both the Company and the environment, which must be protected for future generations. A timely conversion to a new type of fuel would have a beneficial impact on our economic needs and allow us to plan long-term developmental policies, expecting increased investments in the region and demand for our products.

Cement production is a demanding process in terms of energy and requires large quantities of energy, i.e. fuel. This is why the cement industry has developed a number of technological solutions for the safe use of alternative fuels, without any negative impact on the environment, human health or the quality of products. Alternative fuels in the cement industry have been used successfully for many years, which has been confirmed many times by the results of experts' analyses that focus on this matter. In short, prevailing conditions in cement kilns – primarily, flame temperatures of 2,000°C and the fact that combustion by-products survive for a long time in such high temperatures – provide for the complete decomposition of organic matter, even before these combustion by-products reach the filters.

From Waste to Fuel

The cement industry is a significant consumer of alternative fuels used in the technological process; with this use, the industry replaces traditional sources of energy such as petroleum coke and coal, low-carbon alternatives, such as solid fuel generated from waste, waste tires and biomass residue. The use of alternative fuels allows for waste to be used as a resource, with a range of positive effects:

- diminished adverse environmental impact – safe storage reduces the quantity of waste which is permanently stockpiled in landfills, which extends the lives of existing municipal waste landfills; they are stockpiled, thus reducing the cost of expanding and constructing new municipal waste landfills,
- reduced greenhouse gas emissions (mainly CO₂),
- reduced waste management costs,
- reduced consumption of non-renewable fossil fuels and extends the life span of existing reserves,
- reduced production costs in the cement industry, which results in maintaining competitiveness levels on the market.

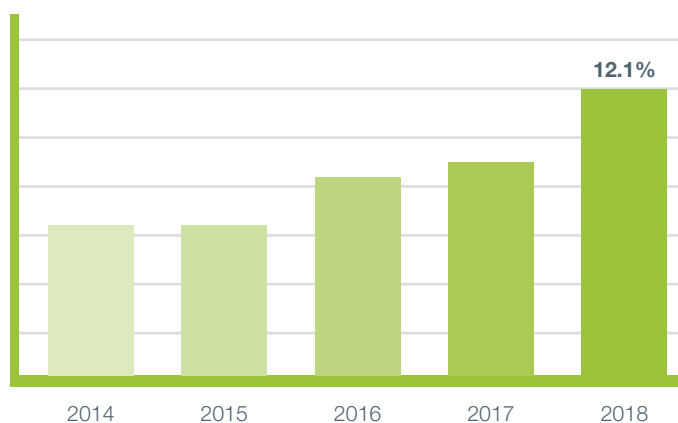
The cement industry has recognized said positive effects and therefore the average ratio* of alternative fuels in cement production, even in European Union countries, amounts to 41%.

TITAN Group, as a global cement manufacturer, has increased the ratio of alternative fuels in cement production year after year, while in the last five years this ratio has increased by 80%**.

At the same time, during this period, energy values used by TITAN Group cement plants was equivalent to 859,801**tons, which prevents this quantity from being uselessly and permanently stockpiled in landfills. The largest ratios of alternative fuels in all TITAN Group plants were achieved in Kamari (near Athens), Zlatna Panega in Bulgaria and Alexandria, Egypt.

TITAN Group has the expertise and know-how to responsibly find, process, store and use energy generated from alternative fuels, and in the upcoming period will continue to increase the ratio of alternative fuels in its plants.

The alternative fuels ratio in TITAN Group**



Our plans at TCK refer to the use of fuel generated from municipal and non-hazardous industrial waste (such as, e.g. packaging waste), which is a Solid Recovered Fuel (SRF). The process of obtaining necessary permits and approvals was initiated some years ago (Environmental Impact Assessment Study, permit for the location of the dosing plant, construction permit) and in the period to come we will continue to carry out activities in order to achieve our plans. All this documentation and our plans entail the use of fuels produced on locations outside the plant, as for now, there are still no plans for waste selection and treatment within the plant itself, nor are there any plans for large scale storage – delivered quantities of treated fuel would equal daily consumption requirements.

Due to positive effects, in EU countries, there is a high ratio (in percentage) of alternative fuels use, whereas their use in local cement plants is planned in the Waste Management Strategy for the period 2010-2019 (RS Official Gazette No. 29/2010 of 2 May 2010).



More information on this topic:

<http://www.titan.rs/vesti/procitaj/94>

* The ratio of alternative fuels is percentage denominated and indicates the ratio of total thermal energy required for cement production which comes from alternative sources, and which come from fossil fuels.

** Source: http://www.titan-cement.com/integrated_report_2018_EN.pdf

Reporting on progress – UN Global Compact

We strive to provide long-term contributions to sustainable development within the local community and society as a whole, and our efforts will be guided by TITAN Group policies in various areas of sustainable business: CSR Policy, H&S Policy, Environmental Policy, HR Policy, Anti-Corruption Policy as well as the TITAN Group Code of Conduct.

10 Principles of the UN Global Compact	Description	Page in the Report
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Total number of significant investments and contracts which include human rights-related provisions	n/a
	Total number human rights training hours	12, 39
	Possible violations of the freedom of association and collective bargaining	67.69% of employees are members of the Union
	Percentage of new suppliers assessed based on human rights	23-24
	Significant actual and potential adverse impact on human rights in the supply chain	23-24
	Local community engagement programs implemented, impact assessments and development programs	25-27, 39
	Potential or actual negative impact of operations on the local community	9-10
	Percent of new suppliers who have been checked in relation to societal impact	23-24
	Significant real or potential impact on society through the supply chain	23-24
Principle 2: Ensure they are not complicit in human right abuses.	Total number of significant investments and contracts which include human rights-related provisions	n/a
	Total number human rights training hours	14, 39
	Possible violations of the freedom of association and collective bargaining	67.69% of employees are members of the Union
	Percentage of new suppliers assessed based on human rights	23-24
	Significant actual and potential adverse impact on human rights in the supply chain	23-24
Labor		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Percentage of employees to which the Collective Agreement applies	100%
	Minimum period for the reporting of significant changes	Eight days
	Possible violations of the freedom of association and collective bargaining	67.69% of employees are members of the Union
Principle 4: Businesses should eliminate all forms of forced and compulsory labor.	Not material	/
Principle 5: Businesses should abolish child labor.	Not material	/

10 Principles of the UN Global Compact	Description	Page in the Report
Work standards		
Principle 6: Businesses should eliminate discrimination in respect of employment and occupation	Employee Structure	18-20, 38
	Employee turnover by gender, age and region	18-20, 38
	Benefits provided to full-time employees, not provided to temporary or part-time employees	None
	Return to work and retention rates after parental leave	19
	Percentage of total workforce represented in formal joint management – worker health and safety committees	21
	Work related injury and absenteeism	14, 21, 38
	Employees working in a workplace with high occupational risk	21
	H&S topics covered in formal agreements with trade unions	21
	Average hours of training per year, per employee, per gender and employee category	20, 39
	Programs for skills management that support continued employability and career management	20, 39
	Percentage of employees who receive regular performance reviews	90.59%
	Composition of corporate governance bodies and breakdown of employees	18-20, 38
	Percentage of new suppliers assessed based on labor practices	23-24
	Significant impact on labor practices in the supply chain	23-24
Total number of discriminatory incidents	None	
Environmental Protection		
Principle 7: Businesses should support a precautionary approach to environmental challenges.	Environmental Section	28-33, 40-41
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental Section	28-33, 40-41
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	Environmental Section	28-33, 40-41
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Estimated risk of corruption	10
	Total value of financial and in-kind political contributions to politicians and related organizations	None

Social Performance Index for TITAN Cementara Kosjerić

All activities performance according to the TITAN Global Sectoral Approach		2016	2017	2018	UN SDGs and Targets	TITAN Codes	
Health and safety	Employee fatalities	0	0	0	SDG 3 Target 3.6	SP01L	
	Employee fatality rate	0	0	0		SP02L	
	Contractors fatalities	0	0	0		SP03L	
	Third-party fatalities	0	0	0		SP04L	
	Employee Lost Time Injuries (LTIs)	0	2	0		SP05L	
	Employee Lost Time Injuries Frequency Rate (LTIFR)	0	5.09	0		SP06L	
	Employee lost working days	0	248	50		SP07L	
	Employee Lost Time Injuries Severity Rate	0	631.14	129.05		SDG 8 Target 8.8	SP08L
	Contractors Lost Time Injuries (LTIs)	0	0	0		SP09L	
	Contractors Lost Time Injuries Frequency Rate (LTIFR)	0	0	0		SP10L	
	All activities performance leading indicators						
		Near misses ⁽¹⁾	5	4	10		SP11L
	Training man-hours on health and safety per employee	15.50	12.20	18.40		SP12L	
Employment	Number of employees as of 31 December	218	219	195		SP13L	
	Females	36	38	37			
	Males	182	181	158			
	Employee turnover (%)	9%	5%	23%		SP14L	
	Employees left	19	12	44		SP15L	
	Employee new hires (%)	2%	6%	10%		SP16L	
	Employee new hires	4	13	20		SP17L	
	New hires per age group						
		Under 30	3	11	12		
		Between 30-50	1	2	7		
		Over 50	0	0	1		
	New hires per gender						
		Females	2	6	7	SDG 5 Targets: 5.1, 5.4 and 5.5	SP19L
		Males	2	7	13		
	Average employment						
			225	218	213		SP20L
	Employment per type						
		Full time	222	213	205	SDG 8 Targets: 8.5, 8.6 and 8.8	SP21L
		Part Time	0	0	1		
		Temporary	3	5	7		
	Employment per category						
		Managers	23	25	25	SDG 10 Targets 10.3	SP22L
		Senior managers	4	3	3		
		Administration/technical	64	63	65		
		Semi skilled/unskilled	134	127	120		
	Employment per gender						
		Females	35	37	38		SP23L
		Males	190	181	175		
	Share of women in employment (%)	15.56%	16.97%	17.84%		SP24L	
	Share of women in management (%)	37.04%	35.71%	32.14%		SP25L	
	Share of women in Senior Management (%)	25.00%	33.33%	33.33%		SP26L	
	Employees from local community (%)	91.56%	90.83%	90.14%		SP27L	
	Unionized employees (%)	72.94%	71.23%	67.69%		SP28L	

¹ The reported figures of 'Near misses' are the total figures for both direct employee and contractors, in accordance with TITAN Group Health and Safety Guidelines.

All activities performance according to the TITAN Global Sectoral Approach				2016	2017	2018	UN SDGs and Targets	TITAN Codes
People Development	Training investment per employee (Euros)	312	297	372	SDG 4 Targets: 4.3, 4.4 and 4.5 SDG 5 Targets: 5.1 and 5.5 SDG 8 Target 8.5 SDG 10 Targets: 10.2 and 10.3 SDG 16 Target 16.5	SP29L		
	Training investment per gender (Euros)	72,930	66,879	84,133		SP30L		
	Females	21,975	24,686	35,189				
	Males	50,955	42,193	48,944				
	Trained employees	234	225	226		SP31L		
	Share of trained employees (% in total workforce)	104%	103%	106%		SP32L		
	Share of trained female employees (% in total trained)	15%	17%	19%		SP33L		
	Trained employees per category						SP34L	
	Managers	21	22	25				
	Senior managers	4	3	3				
	Administration/technical	68	72	72				
	Semi skilled/unskilled	141	128	126				
	Trained employees per age group						SP35L	
	Under 30	10	16	15				
	Between 30-50	130	116	116				
	Over 50	94	93	95				
	Training hours	8,178	7,964	8,745		SP36L		
	Average training hours per employee, and breakdown per gender						SP37L	
	Average female	49	55	62				
	Average male	34	33	36				
	Training hours per subject						SP38L	
	Environment: care and management systems	325	650	620				
	Foreign languages	924	1,079	975				
Health and safety	3,490	2,648	3,910					
Human Rights	0	0	0					
Management and managerial skills	2,139	1,855	1,489					
Non-technical skills and specialization	291	363	335					
Other	305	682	507					
Security	0	0	0					
Technical know-how and core competence	704	399	909					
TITAN Group Code of Conduct	0	288	0					
Stakeholder Engagement	Donations (Euros)	226,861 ²	133,643	149,482	SDG 2 Targets: 2.1 and 2.3	SP39L		
	Donations in cash (Euros)	55,656	95,338	117,687	SDG 4	SP40L		
	Donations in kind (Euros)	171,205	38,304	31,795	Targets: 4.3 and 4.4 SDG 8	SP41L		
	Internships	13	11	10	Targets: 8.5 and 8.6 SDG 9	SP42L		
	New entry level jobs from internships/traineeships	0	3	1	Targets: 9.1 and 9.5 SDG 11 Target 11.4 SDG 16 Target 16.5 SDG 17 Target 17.17	SP43L		

² Adjustment of data made in accordance of data review from previous year.

Environmental Performance

1. TITAN Cementara Kosjerić – Performance of all activities, according to the Sectoral Approach adopted by TITAN Group			2016	2017	2018	UN SDGs and Targets	TITAN Codes	
Local Impacts Impact on natural raw materials resources	Raw materials extracted (total, wet)	million t	0.59	0.72	0.74	SDG 12 Target 12.2	EP01L	
	Raw materials extracted for clinker and cement production	million t	0.58	0.72	0.74		EP02L	
	Raw materials extracted for aggregates	million t	0	0	0		EP03L	
	Raw materials consumed (total)							
	Raw materials consumed for clinker and cement production (dry)	million t	0.62	0.77	0.80		EP04L	
	Raw materials consumed for ready mix, dry mortar and block production(2) (wet)	million t	n/a	n/a	n/a		EP05L	
	Externally recycled waste materials (total, wet)	t	57.4	150.1	104.3	SDG 12 Targets: 12.4 i 12.5	EP06L	
	Recycled	t	57.4	150.1	104.3			
	Reused	t	0	0	0			
	Recovered	t	0	0	0			
Impact on water resources	Water consumption (total)	million m ³	0.04	0.05	0.05	SDG 6 Targets: 6.3, 6.4 and 6.5	EP07L	
	Water withdrawal (total, by source)	million m ³	0.06	0.08	0.08		EP08L	
	Ground water	million m ³	0	0	0			
	Municipal water	million m ³	0.02	0.03	0.03			
	Rain water	million m ³	0.04	0.05	0.05			
	Surface water	million m ³	0	0	0			
	Quarry water used (from quarry dewatering)	million m ³	0	0	0			
	Ocean or sea water	million m ³	0	0	0			
	Waste water	million m ³	0	0	0			
	Water discharge (total, by destination)	million m ³	0.02	0.03	0.03			EP09L
	Surface (river, lake)	million m ³	0.02	0.03	0.03			
	Ocean or sea	million m ³	0	0	0			
Off-site treatment	million m ³	0	0	0				
Impact on biodiversity and land stewardship	Active quarry sites with biodiversity issues^(1,3)		0	0	0	SDG 15 Targets: 15.3, 15.4, 15.5, 15.9 and 15.a	EP10L	
	Active quarry sites with biodiversity management plans^(2,3)		0	0	0		EP11L	
	Active quarry sites with biodiversity management plans	%	0	0	0		EP12L	
	Sites with community engagement plans	%	100.0	100.0	100.0		EP13L	
	Sites with quarry rehabilitation plans⁽³⁾	%	100.0	100.0	100.0		EP14L	
	Active quarry sites (wholly owned) with ISO14001 or similar	%	100.0	100.0	100.0		EP15L	
2. TITAN Cementara Kosjerić – Performance of cement plants, and attached and related quarries, according to the Sectoral Approach adopted by TITAN Group								
Climate change Impact on Green House Gas Emissions	Specific gross direct CO₂ emissions	kg/t _{Cementitious Product}	615.3	633.8	611.3	SDG 9 Target 9.4	EP18L	
	Specific net direct CO₂ emissions	kg/t _{Cementitious Product}	615.3	633.8	611.3		EP19L	
	Indirect CO₂ emissions (total)⁽⁶⁾	million t	0.04	0.05	0.07		EP20L	
Alternative fuels and materials	Biomass in fuel mix	% _{Heat Basis}	0.5	0.4	0.4	SDG 7 Targets: 7.2, 7.3 and 7.a	EP22L	

2. TITAN Cementara Kosjerić – Performance of cement plants, and attached and related quarries, according to the Sectoral Approach adopted by TITAN Group		2016	2017	2018	UN SDGs and Targets	TITAN Codes		
Local Impacts Impact on natural raw materials resources	Materials consumption (total, dry)	million t	0.620	0.771	0.803	SDG 12 Target 12.2	EP27L	
	Extracted (natural) raw materials consumption (dry)	million t	0.557	0.694	0.723			
	Alternative raw materials consumption (dry)	million t	0.064	0.077	0.079			
	Alternative raw materials substitution (clinker & cement)	% _{Dry}	10.3	9.9	9.8		EP28L	
Impact on water resources	Water consumption (total)		0.039	0.053	0.051	SDG 6 Targets: 6.4 and 6.5	EP29L	
Other air emissions	Coverage rate continuous measurement		100.0	100.0	100.0	SDG 3 Target 3.9	EP30L	
	Specific dust emissions	g/t _{Clinker}	7.2	5.4	9.6			EP31L
	Specific NO_x emissions	g/t _{Clinker}	1,131.5	1,506.6	1,494.8	SDG 9 Target 9.4	EP32L	
	Specific SO_x emissions	g/t _{Clinker}	3.7	2.3	3.7			EP33L
3. TITAN Cementara Kosjerić – Detailed disclosures concerning materials, fuels, and waste, all activities								
Impact on fuels and energy resources	Fuel mix, energy consumption for clinker and cement production	% _{Heat Basis}	100.0	100.0	100.0	SDG 7 Target 7.2	EP34L	
	Conventional fossil fuels	% _{Heat Basis}	99.5	99.6	99.6			EP35L
	Biomass fuels	% _{Heat Basis}	0.5	0.4	0.4	SDG 12 Target 12.2	EP37L	
Management of waste	Waste disposal (total, wet)	t	85.3	179.5	146.0	SDG 12 Targets: 12.4 and 12.5	EP38L	
	Waste disposal, break down by destination-usage (wet)	% _{By mass}	100.0	100.0	100.0			EP39L
	Reuse	% _{By mass}	0	0	0			
	Recycled	% _{By mass}	67.3	83.6	71.4			
	Recovered (including energy recovery)	% _{By mass}	0	0	0			
	Incineration	% _{By mass}	0	0	0			
	Landfilled	% _{By mass}	32.7	16.4	22.5			
Other (incl. storage)	% _{By mass}	0	0	6.1				
4. TITAN Cementara Kosjerić – Investments for the Environment, all activities								
	Environmental expenditures across all activities	million €	0.331	0.368	0.691	SDG 7 Target 7.b SDG 9 Target 9.4	EP40L	
	Environmental management	million €	0.256	0.276	0.450			
	Reforestation	million €	0.005	0.005	0			
	Rehabilitation	million €	0	0	0			
	Environmental training and awareness building	million €	0	0	0			
	Application of environmental friendly technologies	million €	0.061	0.076	0.224			
	Waste management	million €	0.008	0.011	0.016			

⁽¹⁾ Active quarries within, containing or adjacent to areas designated for their high biodiversity value.

⁽²⁾ Sites with high biodiversity value where biodiversity management plans are actively implemented.

⁽³⁾ Coverage includes both quarries attached to cement plants and quarries for aggregates production.

⁽⁴⁾ Indirect CO₂ emissions are related to emissions released for the production of the electrical energy consumed at TCK's facilities. For this calculation the emission factor is used in accordance with the Decree on determining the limit values of annual energy consumption which determines which companies are taxpayers of energy management, the annual energy savings targets and the application form for energy consumption ("Official Gazette of RS" No.18 /16).

INCOME STATEMENT

For the year ended 31 December	2018 '000 RSD	2017 '000 RSD
OPERATING REVENUES	5,411,392	4,812,834
Revenues from sale of merchandise	11,119	18,116
Revenues from sale of products and services	5,399,918	4,794,353
Other operating income	355	365
OPERATING EXPENSES	3,757,005	3,107,163
Cost of trading goods	11,048	16,306
Work performed by the entity and capitalized	3,542	4,299
Increase in inventories of unfinished and finished goods and ongoing services	23,771	77,042
Cost of materials	624,518	442,887
Cost of fuel and energy	1,171,558	934,716
Cost of salaries, fringe benefits and other personal expenses	597,468	531,841
Cost of production services	966,009	843,510
Depreciation and amortization	172,648	184,775
Cost of long-term provisions	12,686	19,719
Non-production costs	228,383	214,750
OPERATING PROFIT	1,654,387	1,705,671
Financial income	18,397	23,923
Financial expenses	11,820	68,385
Income from property value adjustments of other assets at fair value through Income Statement	-	21
Expenses from property value adjustments of other assets at fair value through Income Statement	1,555	7,011
Other income	21,367	10,606
Other expenses	12,976	16,004
Net income attributable to discontinued operations, expenses arising from changes in accounting policies and correction of prior period errors	4,105	-
Net loss from discontinued operations, the effects of changes in accounting policies and corrections from previous periods mistakes	-	254
PROFIT BEFORE TAX	1,671,905	1,648,567
Income tax	255,973	253,939
Deferred tax income	3,238	4,846
NET PROFIT	1,419,170	1,399,474



On the website of the Business Registers Agency, www.apr.gov.rs, the Register of Financial Statements features a complete set of forms of regular annual financial statements for 2018, together with the report of the independent auditor and other documents attached to the financial statements, in accordance with Articles 33 and 34 of the Law on Accounting.

BALANCE SHEET

On 31 December	2018 '000 RSD	2017 '000 RSD
NON CURRENT ASSETS	1,923,789	1,953,728
Intangible assets	13,980	9,401
Property, plant & equipment	1,900,500	1,934,977
Long-term financial investments	7,966	7,966
Long-term receivables	1,343	1,384
DEFERRED TAX ASSETS	15,243	12,005
CURRENT ASSETS	2,694,400	2,592,069
Inventories	701,821	604,384
Trade receivables	258,275	437,933
Other receivables	11,042	9,716
Short-term financial investments	14,076	14,921
Cash and cash equivalents	1,689,214	1,498,437
Prepaid Value Added Tax	17,336	24,265
Accruals	2,636	2,413
TOTAL ASSETS	4,633,432	4,557,802
EQUITY	4,090,854	4,071,158
Basic capital	2,505,209	2,505,209
Reserves	166,475	166,475
Retained earnings	1,419,170	1,399,474
LONG-TERM PROVISIONS AND LIABILITIES	63,440	57,319
Long-term provisions	63,440	57,319
SHORT-TERM LIABILITIES	479,138	429,325
Customer prepayments	20,620	18,441
Operating liabilities	390,805	316,501
Other short-term liabilities	28,011	27,776
Liabilities for other taxes, contributions and duties	34,953	59,458
Accrued expenses	4,749	7,149
TOTAL EQUITY AND LIABILITIES	4,633,432	4,557,802

CASH FLOW STATEMENT

For the year ended 31 December	2018 '000 RSD	2017 '000 RSD
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operating activities	5,629,594	4,668,977
Sales and advances received	5,598,791	4,650,888
Other inflow from operating activities	30,803	18,089
Cash outflow from operating activities	3,902,051	3,281,462
Payments and prepayments to suppliers	2,974,251	2,440,375
Salaries, fringe benefits and other personal expenses	596,637	531,920
Interests paid	125	588
Income tax	283,746	266,034
Outflow for other public revenues	47,292	42,545
Net cash inflow from operating activities (A)	1,727,543	1,387,515
CASH FLOW FROM INVESTING ACTIVITIES		
Cash generated from investing activities	11,658	12,141
Sale of intangible assets & property, plant and equipment and biological assets	41	-
Interests received from investing activities	11,617	12,141
Cash outflow from investing activities	143,181	173,335
Purchase of intangible assets, property plant and equipment	142,767	172,840
Other financial investments (net outflows)	414	495
Net cash outflow from investing activities (B)	(131,523)	(161,194)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash generated from financing activities	-	-
Cash outflow from financing activities	1,399,474	1,211,692
Dividends paid	1,399,474	1,211,692
Net cash outflow from financing activities (C)	(1,399,474)	(1,211,692)
Net cash inflow (A+B+C>0)	196,546	14,629
Net cash outflow (A+B+C<0)	-	-
Cash at the beginning of the period	1,498,437	1,534,926
Foreign exchange gains on translation of cash	1,537	1,603
Foreign exchange losses on translation of cash	7,306	52,721
Cash at the end of the period	1,689,214	1,498,437

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December	Basic capital '000 RSD	Reserves '000 RSD	Retained earnings '000 RSD	Total equity '000 RSD
Balance at 1 January 2017	2,505,209	166,475	1,211,691	3,883,375
Profit for the year	-	-	1,399,474	1,399,474
Dividends distribution	-	-	(1,211,691)	(1,211,691)
Balance at 31 December 2017	2,505,209	166,475	1,399,474	4,071,158
Balance at 1 January 2018	2,505,209	166,475	1,399,474	4,071,158
Profit for the year	-	-	1,419,170	1,419,170
Dividends distribution	-	-	(1,399,474)	(1,399,474)
Balance at 31 December 2018	2,505,209	166,475	1,419,170	4,090,854

GLOBAL NETWORK OF COOPERATION AND SUPPORT

Through partnerships and collaborative action, we aim to multiply the value we create, sharing at the same time our know-how, experience and best practices, through joint activism with stakeholders. We are committed to improving and spreading positive impacts in business and the community. Our most important international associates in international relations are:



WE SUPPORT

The United Nations Global Compact Initiative

The UN Global Compact is the world's largest corporate sustainability initiative. It is a call to companies to align their strategies and operations with Ten Universal Principles on human rights, labor, environment and anti-corruption, and to develop practice that advance societal goals. TITAN Group was among the first 500 signatories of the UNGC worldwide. It is involved in the development of local networks in the countries in which it operates, particularly in Greece, Serbia, North Macedonia and Egypt.



wbcasd



The World Business Council for Sustainable Development and Cement Sustainability Initiative

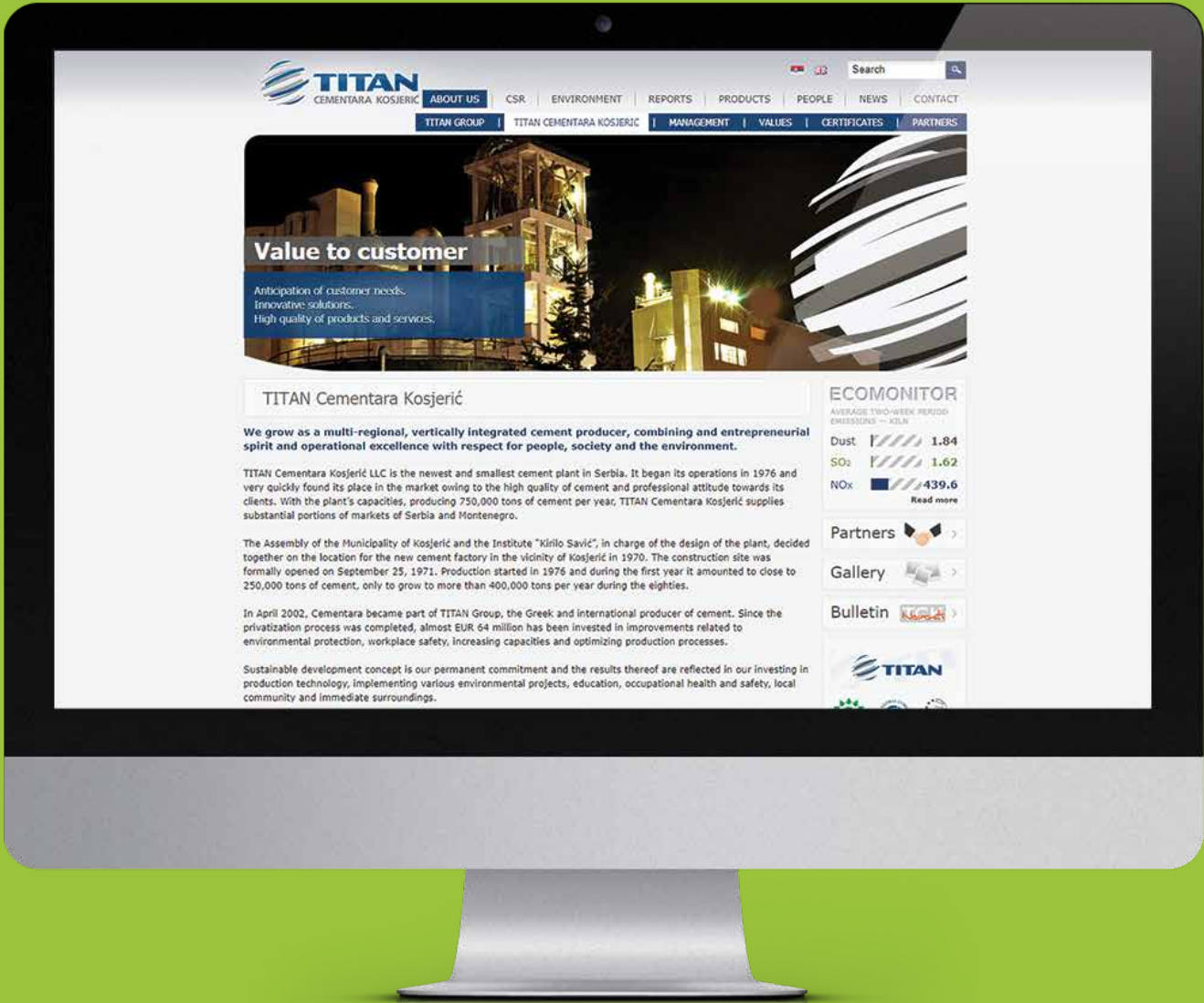
The World Business Council for Sustainable Development (WBCSD) is a GEO-led organization of forward-thinking companies that galvanizes the global business community to create a sustainable future in which the principles of business, society and the environment are functioning in harmony.

The Cement Sustainability Initiative (CSI) is a joint commitment by 24 major cement producers with operations in more than 100 countries who believe there is a strong business case for the pursuit of sustainable development. Collectively, these companies account for around 30% of the world's cement production and range in size from very large multinationals to smaller local producers.

Following TITAN Group's voluntary engagement in the framework of the WBCSD and CSI, TCK applies the CSI Guidelines for monitoring, assessing and reporting its sustainable development performance, in particular for the following areas:

- Health and Safety at work
- CO₂ emissions
- Dust and other air emissions
- Water management
- Quarry rehabilitation and protection of local biodiversity
- Responsible procurement and supply chain
- Stakeholders engagement and environmental and social impact assessment

This year, in introducing the Index System for KPIs at the local level within this year's Report, which include indicators in the field of environmental and social performance, TCK actively implements TITAN Group reporting standards in line with a sector-based approach to the Cement Sustainability Initiative (CSI), which in turn complies with materiality assessment done by the Company and its stakeholders. The listed figures are additionally in accordance with specific indicators within the framework of UN Global Compact Sustainable Development Goals.



- ABOUT US
- CSR
- ENVIRONMENT
- REPORTS
- PRODUCTS
- PEOPLE
- NEWS
- CONTACT



TITAN Cementara Kosjerić

We grow as a multi-regional, vertically integrated cement producer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment.

TITAN Cementara Kosjerić LLC is the newest and smallest cement plant in Serbia. It began its operations in 1976 and very quickly found its place in the market owing to the high quality of cement and professional attitude towards its clients. With the plant's capacities, producing 750,000 tons of cement per year, TITAN Cementara Kosjerić supplies substantial portions of markets of Serbia and Montenegro.

The Assembly of the Municipality of Kosjerić and the Institute "Kirilo Savić", in charge of the design of the plant, decided together on the location for the new cement factory in the vicinity of Kosjerić in 1970. The construction site was formally opened on September 25, 1971. Production started in 1976 and during the first year it amounted to close to 250,000 tons of cement, only to grow to more than 400,000 tons per year during the eighties.

In April 2002, Cementara became part of TITAN Group, the Greek and international producer of cement. Since the privatization process was completed, almost EUR 64 million has been invested in improvements related to environmental protection, workplace safety, increasing capacities and optimizing production processes.

Sustainable development concept is our permanent commitment and the results thereof are reflected in our investing in production technology, implementing various environmental projects, education, occupational health and safety, local community and immediate surroundings.

ECOMONITOR

AVERAGE TWO-WEEK PERIOD EMISSIONS - XSLN

Dust	1.84
SO ₂	1.62
NO _x	439.6

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Independent Limited Assurance Statement

To the Board of Directors of TITAN Cementara Kosjerić

The Board of Directors of TITAN Cementara Kosjerić (the "Company") engaged "GRANT THORNTON" d.o.o. Beograd ("Grant Thornton") to review the non-financial disclosures presented in the 2018 Integrated Annual Report for the fiscal year ended on December 31st, 2018 ("selected data"), in order to provide limited assurance in relation to the criteria as described below (Scope of work). For the purposes of this Statement, selected data relate to the Company's activity in Serbia and do not include information pertaining to other cooperating companies or third-party activities / performance.

Scope of work

The assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000"), in order to provide limited level assurance opinion on:

- Consistency of qualitative and quantitative non-financial disclosures presented, with regard to the criteria for Communication on Progress of the UN Global Compact.
- Completeness and accuracy of qualitative and quantitative non-financial disclosures, in specific for the areas of Environment and Health & Safety and regarding the criteria applicable in 2018, which are aligned with the sectoral guidelines and reporting standards (Cement Sustainability Initiative), and with the TITAN Standards for Reporting on Group and BU level.
- Methodology of materiality assessment, with regard to the AA1000 AccountAbility Principles.

Management Responsibility

TITAN Cementara Kosjerić is responsible for preparation, presentation, completeness and accuracy of the non-financial data provided to us, as incorporated in the 2018 Integrated Annual Report. Furthermore, the Company's Management is responsible for maintaining records and adequate internal controls that are designed to support the reporting process. In particular, the Company's Management is responsible for internal controls being designed and implemented to prevent the Report from being materially misstated.

Grant Thornton Responsibility

We have performed a limited assurance engagement. Our responsibility is to express our conclusions based on the procedures carried out for the selected data, as described above in the "Scope of work" section.

Our responsibility is limited to the non-financial information related to the fiscal year that ended on December 31, 2018, as these were presented in the 2018 Integrated Annual Report.

To the extent it is permitted by the legislation in force, we neither accept nor assume any responsibility for our engagement or this Statement towards anyone other than the Company and the Group, unless the terms have been agreed explicitly in writing, with our prior consent.

We conducted our work so as to collect all the data, relevant documentation, information and explanations we considered necessary as to the selected data described above, in the "Scope of work" section. The procedures followed with regard to the selected data included:

- Interviews with executives and key personnel responsible for the relevant information and assumptions.
- Visits to the Company premises.
- Review and assessment of the processes and controls used to collect, aggregate, validate and report the data;
- Sample tests on collected data, conversion factors and formulas, where required.

Level of Assurance

The procedures we carried out were designed to provide limited assurance, as specified in ISAE 3000, based on which we shaped the conclusion for our engagement. These procedures are not as extensive as those required for providing reasonable assurance; consequently, a lower level of assurance is obtained.

Limitations

To conduct our work, we relied exclusively on the information provided to us by the Company's executives, which we accepted in good faith as being complete, accurate, real and not misleading.

- Therefore, we did not submit it to any verification procedures, apart from the procedures explicitly stated in our Statement and which arise from our mutually agreed methodology.
- No additional work has been conducted on data for previous reporting periods, as well as on data related to forecasts and targets.
- No work has been conducted on anything other than the agreed scope and consequently, our opinion is limited to that scope.

Independence

Grant Thornton implements the requirements of International Standard on Quality Control 1. Based on this, it maintains an integrated quality control system that includes policies and procedures for compliance with moral principles, professional standards and relevant legal and regulatory requirements. We comply with the independence requirements and other ethical standards of the IFAC Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, impartiality, professional adequacy, confidentiality and professional conduct. In this context, the assurance team is independent from the Company and has not participated in the preparation of the 2018 Integrated Annual Report

Conclusions

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that there are any errors or misstatements that would materially affect the non-financial disclosures (including explanatory notes and relevant references) as presented in the Integrated Annual Report of TITAN Cementara Kosjerić for the year ended 31 December 2018. Moreover, nothing has come to our attention that causes us to believe that the non-financial data presented, are not prepared, in all material aspects, in accordance with the criteria mentioned above, in the "Scope of work" section.

Belgrade, 11/07/2019

The Chartered Accountant

Mirjana Jeremic

Mirjana Jeremic

